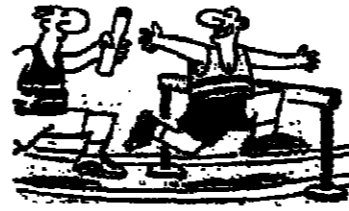


FINANCIAL TIMES

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World Business Newspaper

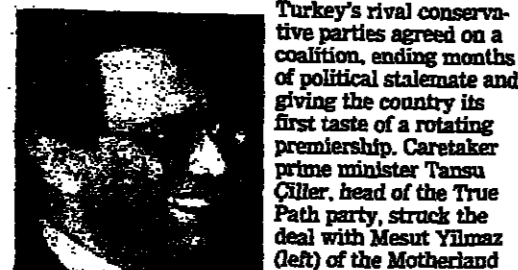
MONDAY MARCH 4 1996

Japan's opposition to force showdown over budget plans

Japan's opposition New Frontier party means to force a showdown with the ruling coalition today by blocking an agreement on this year's budget, which includes an unpopular plan to use ¥68bn (\$6.4bn) of public money to liquidate bankrupt housing loan companies - the *jusen*. The NFP is pushing for commercial banks, which founded the *jusen*, to bear a high share of any future losses. Page 18

Dole ahead again: Senator Bob Dole re-emerged as front-runner for the US Republican party's presidential nomination after winning the South Carolina primary with 45 per cent of the Republican vote. Page 7

Turkish conservatives agree on coalition: Turkey's rival conservative parties agreed on a coalition, ending months of political stalemate and giving the country its first taste of a rotating premiership. Caretaker prime minister Tansu Çiller, head of the True Path party, struck the deal with Mesut Yilmaz (left) of the Motherland Party, who will be premier first. Turkish politics was deadlocked after December's polls, when an Islamist party emerged as the largest group in parliament. Page 15



ICI on acquisition trail: UK-based Imperial Chemical Industries is on the lookout for acquisitions, and the first deals are likely to be in Asia. Page 18

Banks pay premiums: Nervousness about the weakness of Japan's financial system has led to Japanese banks paying steeper interest rates for borrowings than competitors with the same international credit ratings. The premium ranges from three to 12 basis points, dealers say. Page 19

Complaint over Telefonica: British Telecom has complained to the competition authorities in Madrid about the behaviour of the Spanish state telecoms group. The UK company accuses Telefonica of using confidential information to lure customers of BT's joint Spanish venture with Banco Santander. Page 19

France busters seek brighter image: Britain's Serious Fraud Office is considering using a public relations company to improve its image after a string of high-profile prosecutions ended with acquittals or minor sentences. Page 8

Khmer Rouge fighters defect: More than 350 Khmer Rouge guerrillas have defected to the government in a province near the Cambodian capital, army television reported. It said they had "voluntarily returned to come back to live in normal society" from their base in Kompong Speu province.

Bangladesh protests continue: Prime minister Begum Khaleda Zia failed to appease her opponents with an offer to set up a "non-party" government and call early elections. Instead there were more street protests and demands for her resignation. Page 6

Chechen battles: Russian troops fought a fierce battle with Chechen rebels after being ambushed in Serovodsk village in the west of the breakaway region. The Russians have recently stepped up efforts to disarm the rebels by force, leading to some of the worst fighting since the war began in December 1994. Moscow shows willingness. Page 2

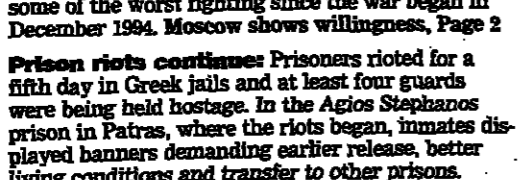
Prison riots continue: Prisoners rioted for a fifth day in Greek jails and at least four guards were being held hostage. In the Agios Stephanos prison in Patras, where the riots began, inmates displayed banners demanding earlier release, better living conditions and transfer to other prisons.

Morocco promises change: Morocco's King Hassan said he would present plans for constitutional reform later in the year, including an amendment to change the parliamentary system. Currently one third of the 333 deputies are picked by electoral college, a system the opposition says does not ensure proper representation. Page 6

Crickets World Cup: England lost for the third time in five matches when Pakistan beat them with seven wickets to spare. But they still qualified for a quarter-final against Sri Lanka next Saturday.

European Monetary Systems: The Danish krone and Portuguese escudo swapped places in the EMS grid last week as the spread between the strongest and weakest currencies narrowed slightly. The Bundesbank left German official interest rates on hold and fixed the repo rate at 3.3 per cent for a further two weeks. Currencies. Page 29

EMS Grid March 1, 1996



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of the agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

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London Business School

Hamas blast wounds peace efforts

By Julian Ozanne in Jerusalem

19 die in repeated suicide bomb attack on Jerusalem bus

The electoral chances of Israel's Labour-led coalition government and the future of its Middle East peace effort suffered a potentially devastating blow yesterday after an Islamic suicide bomb blew apart a Jerusalem bus, killing 19 people and injuring 10.

The carnage in central Jerusalem provoked crisis in the government and sparked opposition calls for a suspension of the peace process and for Israeli troops to re-enter Palestinian-controlled areas.

Mr Shimon Peres, the prime minister whose 15-point opinion poll lead over Mr Benjamin Netanyahu, the opposition leader, was destroyed by last week's attacks, declared an "all-out war" against Hamas. Mr Peres also resurrected the idea of physically separating Arab and Jew.

As the government began to realise its political future could become hostage to Hamas terrorism, it sought to reassure an anxious Israeli public by announcing a series of security measures, including \$100m to build fences between Israel and the self-ruled Palestinian territories.

Mr Peres, who was jeered at the blast scene by fighting youths chanting "Peres you're next in line", also piled pressure on Palestinian president Yasser Arafat to crack down on Hamas or risk a suspension - even a reversal - of the peace process.

Palestinian society, responded swiftly to Mr Peres's demands. He strongly condemned the "terrorist" attack and lambasted Hamas, sent armoured personnel carriers to patrol the streets of Gaza, and said he was banning the military wings of Hamas and other Palestinian groups opposed to the peace process.

Spanish right set for victory, exit polls show

Popular party claims to have ousted Socialists but majority is in doubt

By David White in Madrid

Spain's centre-right Popular party won its first general election victory yesterday with a narrower advantage than expected over the Socialists according to early unofficial predictions. The Socialists had been in power for the 13 years.



Reflecting on public opinion: Opposition leader José María Aznar leaves a polling station in Madrid. His Popular party claimed victory after exit polls showed it ahead of the Socialist party.

The PP greeted the result as "the start of a new era". However, its parliamentary majority hung in the balance after exit polls broadcast by private and state television networks immediately after the close of voting showed a gap of between five and six percentage points between the two main parties.

Financial markets had been expecting the PP to take between 165-170 seats compared with 141 in the previous parliament. One trader said that if the PP failed to achieve a clear margin of victory there would be "a nasty sell-off".

Mr José María Aznar, the 43-year-old PP leader, had set a high target for the election, pinning his hopes on winning enough seats to form a single-party government. He wants to press ahead rapidly with economic liberalisation measures and cuts in government spending.

Stock and bond markets have strengthened in recent months in anticipation of a PP win. A new government is not due to take office until next month after the convening of the new parliament, probably on March 27, and after a statutory period of consultations.

The PP was predicted to win 40 per cent of the vote compared with just under 35 per cent for the Socialists led by Mr Felipe González, the outgoing prime minister.

The exit polls showed the Communist-led United Left increasing its vote from 9.6 per cent to over 11 per cent, consolidating its position as the third party but falling short of expectations. The radical Basque group Herri Batasuna, linked to the illegal Eta organisation, was expected to keep its two seats.

Mr José María Aznar, the 43-year-old PP leader, had set a high target for the election, pinning his hopes on winning enough seats to form a single-party government. He wants to press ahead rapidly with economic liberalisation measures and cuts in government spending.

The Spanish right has not won power through an election since 1934, during the ill-fated republic which preceded the civil war and the Franco dictatorship.

The PP's score, if confirmed, is the highest by any party except the Socialists since parliamentary democracy was restored in 1977. It lost unexpectedly to the Socialists three years ago, but has since taken control of most of Spain's main city councils and 11 of its 17 self-governing regions.

However, the Socialists appeared to have achieved a surprise victory in a regional contest staged in Andalusia yesterday. According to exit polls it increased its lead over the PP, enabling it to retain power over the regional government.

Hong Kong citizens set to get visa-free access to UK

By John Fiddling and John Kampferer in Hong Kong

meeting last week with Mr Li Peng, China's prime minister.

Mr John Major, the British prime minister, yesterday rebutted accusations that he was betraying Hong Kong's interests and appeared set to announce today that the colony's citizens will be allowed visa-free access to the UK after next year's handover to China.

The Democrats, the largest group in the colony's Legislative Council (Legco), argue that the British premier did not take a firm enough stance on safeguarding human rights in the colony after the transfer of sovereignty, or on the fate of Legco, which China has pledged to abolish.

In what is likely to be the last visit by a British premier to Hong Kong before China resumes sovereignty, Mr Major pledged to stand up for the rights of its citizens beyond July 1997. "Even after that date, no one should imagine that Britain's interest in Hong Kong or its commitment to Hong Kong is suddenly going to disappear", he said.

The issue of visa-free access has dominated local debate ahead of Mr Major's visit and is seen as an important test of British support for the colony.

Mr Major had come under fire from Hong Kong's Democratic party which accused him of betraying the colony and giving priority to developing Britain's trade interests with China.

Britain's stance on the issue is expected to influence decisions by other governments, while failure to grant access could also prompt retaliatory steps from China, such as the imposition of visa requirements on UK nationals visiting Hong Kong.

Mr Martin Lee, leader of the Democrats, denounced as "preposterous and offensive" Mr Major's positive account of his meeting last week with Mr Li Peng, China's prime minister.

Officials played down suggestions that visa-free access would be subjected to a review or time limit. Hong Kong governor Chris Patten, who has strongly advocated visa-free access in defiance of criticism from rightwingers in Mr Major's cabinet, described the

issue as the "single most important decision the British government still has to make towards Hong Kong".

He said failure to allow visa-free access would constitute a "big thumbs down" for the territory and would threaten the business flow between Britain and Hong Kong.

The governor described as "absurd" Mr Lee's criticisms and said diplomatic disputes with China had not damaged trade between the two countries. He said Beijing had to recognise that Britain would continue to have a commitment to Hong Kong for the next 50 years.

Mr Major also faced criticism in Britain, as the opposition Labour party alleged he was seeking to raise funds for the Conservative party from Hong Kong business leaders. He described such claims as "nonsense", and officials said the prime minister would not be fundraising during his visit.

Officials played down suggestions that visa-free access would be subjected to a review or time limit. Hong Kong governor Chris Patten, who has strongly advocated visa-free access in defiance of criticism from rightwingers in Mr Major's cabinet, described the

Patten ponders return, Page 8

Australian winner warned by unions on pay claims

By Nikki Tait in Sydney

Mr John Howard, who swept to power as Australia's new prime minister in a general election on Saturday, was warned yesterday by the country's top union leader that pay claims would rise under his conservative government.

Ms Jennie George, president of the Australian Council of Trade Unions, said that without the national wages accord which existed under the previous Labor government, workers would live by the rules of bargaining in the marketplace.

"The claims will be higher than those currently in the marketplace," she added.

The challenge came as the Liberal-National coalition was savouring a victory which brought it the largest federal parliamentary majority for two decades.

The coalition has won at least 80 of the 148 seats in the House of Representatives, putting Labor out of office after 13 consecutive years in power.

Labor appeared to hold about 46 seats, with four independents also elected and a further eight seats yet to be determined. Before the election, Labor

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EUROPEAN NEWS DIGEST

Kohl to exploit opposition split

Chancellor Helmut Kohl's governing coalition is set to exploit a widening dispute between the environmentalist Greens and the opposition Social Democrats (SPD) over the future status of the *Aussiedler* before three crucial state elections later this month. These are the tens of thousands of ethnic Germans in eastern Europe and the former Soviet Union who are constitutionally entitled to enter Germany without restriction. The issue arose at the Greens' conference in Mainz at the weekend after Mr Oskar Lafontaine, SPD leader, said restrictions should be imposed on *Aussiedler* entering Germany. He claimed it was irresponsible to admit such large numbers who immediately became unemployed. But the Greens, who are seeking closer links with the SPD to challenge Mr Kohl's coalition in the 1998 federal elections, yesterday said the SPD leadership was playing a "shameful and cynical campaign" to win votes. *Judy Dempsey, Berlin*

French socialists in jobs plea

France's opposition Socialist party is suggesting a European "economic government" as a democratic counter-weight to a European central bank overseeing a planned single currency from 1999. The party's national council approved a document urging greater efforts to create jobs and solve social problems alongside moves towards economic and monetary union. The document renewed the party's commitment to a planned single European currency from 1999, and proposed a European economic government under democratic control, with jurisdiction over the European central bank, and a precise definition of the levels of competence for economic policies. The text of the proposals will be debated ahead of planned ratification at a party congress on March 30 and 31. The meeting also accepted a suggestion by former party leader Mr Henri Emmanuelli to demand that the EU sets a minimum European wage. *AFP, Paris*

Hungary conservatives split

Hungary's conservative opposition party, the Hungarian Democratic Forum (MDF), seemed to be heading for a split yesterday following the election of a nationalist candidate as party leader at its annual congress. Deputy chairman Mr Sandor Lezsak defeated the more moderate parliamentary leader and former finance minister Mr Ivan Szabo in a two-horse race for party chairman. In his victory speech Mr Lezsak appealed for unity. However, following Mr Lezsak's win a number of supporters of Mr Szabo withdrew their candidacy for other top party posts. The MDF has been in difficulties since it was swept from power in spring 1994. But the MDF remains the largest party in a fragmented opposition to the governing coalition of the Socialist party and the Free Democrats. *Reuters, Budapest*

EU farm aid for new members may be cut

By Caroline Southey in Brussels

Farmers in central and eastern European countries admitted to the European Union should not be subsidised in the same way as farmers in existing member states, according to a draft report prepared by the European Commission.

The suggestion is based on studies of the economic impact EU farm aid would have on less-developed eastern and central European farm sectors. It concludes that compensation intro-

duced under the 1992 reforms of the EU's Common Agricultural Policy to offset price cuts, would drive up land prices, damage rural development and create inflationary pressures in new member states.

The report underlines the need for further CAP reform ahead of enlargement and raises awkward questions about whether the EU intends to match payments from the CAP to new members. It cites the Commission's calculation that without CAP reform, compensation to new members would

cost Ecu5.6bn (\$5.2bn) by 2000, out of a total additional agricultural bill of Ecu5bn.

The report will also fuel the debate launched by the Commission's strategy paper on agriculture and enlargement produced at the end of last year, which pointed out compensation payments might not be justified following accession because farmers might not experience any price cuts on joining the EU. It underlined the principle that the EU should not discriminate between old and new member states.

but suggested that any compensation ought to be used in alternative ways.

The latest report admits that the economic arguments against paying aid leaves unanswered the political question of how to defend the transfer of cash subsidies to farmers in the rich EU-15 countries, but not farmers in poorer central and eastern Europe.

But it warns that applying "common policies in unequal circumstances could produce different, not common results". The findings appear in a draft

report drawn up by the EU Commission's economic and financial affairs department on the economic consequences of extending CAP compensation to 10 central and eastern European countries - Poland, the Czech and Slovak republics, Hungary, Bulgaria, Romania, Latvia, Lithuania, Estonia and Slovenia. The paper says compensation payments could contribute to inflationary pressures as they would provide cash injections that would lift overall demand.

Russia's future played out on steel plant floor

Most Russian school-children can still recite a Soviet poem about the Kuznetsk Steel Works, a massive Siberian steel mill that was one of the flagships of Stalin's ruthless industrialisation drive when it was built in the 1930s. More than six decades later the ageing behemoth is again at the centre of Russia's political and economic transformation.

Like thousands of other factories in provincial towns across Russia, the mill is the subject of a fierce dispute between private investors who have acquired a controlling stake, and Soviet era managers who refuse to surrender control.

Upcoming presidential elections, which threaten to put a communist leader back in the Kremlin, have distracted attention from this escalating struggle to run the Russian economy. But regardless of who wins the June presidential ballot, it is showdowns on the factory floor that are likely to determine the role of private ownership in Russia for decades to come.

At the Kuznetsk Steel Works, which employs 33,000, the conflict worsened earlier

this month when, on the strength of a court ruling in his favour, Mr Nikolai Fomin, a former director of Kuznetsk who is allied with the shareholders, entered the factory with a half-dozen armed policemen and occupied the general

is the involvement of local political heavyweights. Mr Mikhail Kisliuk, governor of the Kemerovo region, where the plant is located, was appointed by Mr Boris Yeltsin, and is one of the Russian president's staunchest allies. But

A dispute in Siberia has cast doubt on Yeltsin's market reforming credentials. Chrystia Freeland reports

director's office. But the next day Mr Evgenii Braunschtein, the current manager who is fighting to keep out the private investors, returned with an even bigger contingent of local policemen and ejected Mr Fomin.

Even then, the struggle was not quite over. Using the court decision that made him rightful general director of the steelworks, Mr Fomin acquired signing authority over the Kuznetsk bank accounts and cut off his rival's access to the money. Only after the personal intervention of the governor of the region did Mr Braunschtein reassert full financial control.

But the most intriguing twist in the fight for the steelworks

Mr Kisliuk is also Mr Braunschtein's biggest backer, and approvingly quoted Stalin in a recent local television interview about the dispute.

Meanwhile, the private shareholders, who accuse Mr Kisliuk and Mr Braunschtein of making a personal profit from the plant's lucrative metals exports, have found an unlikely supporter in the figure of Mr Aman Tuliev, a popular local politician who is number-two in the Communist party.

Sitting in his luxurious offices, which are guarded by policemen in bullet-proof vests and monitored by a video camera, Mr Braunschtein outlines his strategy for resolving the

conflict over the Kuznetsk Steel Works: he would like at least a 10 per cent stake in the plant to revert to state ownership and to be administered at the regional level.

"I would like the state to be the guarantor. Our problems should be the government's problems and our happiness should be the government's happiness," Mr Braunschtein says.

As further insurance against a takeover by outside investors, Mr Braunschtein has also launched an aggressive effort by the Kuznetsk Steel Works to buy back its own shares. To help management in this campaign, Mr Braunschtein is openly penalising factory workers, believed to own about 30 per cent of the shares, who sell their stock to outside investors.

"It will lead to greater debts [the share buy-back campaign] but we must do it to preserve the factory," Mr Braunschtein explains.

The alliance of private investors still hopes it will succeed eventually in asserting real control over the Kuznetsk Steel Works, but the government's open support of the communist directors has made



local businessmen sceptical of Mr Yeltsin's support for private business in Russia.

"They are almost bankrupt, but at the same time they are buying up their own shares. That's not right and it's not legal," says Mr Valerii Pugachev, general director of Hermes-Metal-Invest, a local investment company which owns about 10 per cent of the steelworks.

"Kisliuk [the governor] has no right to interfere in the administration of a private company. If this continues we will descend to a point where he can just close down any

enterprise he likes, down to the smallest kiosk."

Other local businessmen say the dispute at the Kuznetsk Steel Works threatens to discredit Mr Yeltsin's administration. While posing as a market reformer, they say, Mr Yeltsin in fact represents the interests of a corrupt, quasi-federal elite.

"Kemerovo is Russia's most industrialised region and it is the one which once supported Yeltsin the most," explains Mr Mikhail Zhivilo, the Moscow financier who has acquired control of a local aluminium smelter and is an ally of the private investors trying to take over the steelworks.

"Now Kemerovo votes for communists. And why? Because Kisliuk, Yeltsin's man, is a thief. Looking at Tuliev, I have to say the communists are much more honest."

As the race for the presidency heats up, Mr Yeltsin has tried to rally support from Russia's fledgling bourgeoisie by warning that the communists are bent on renationalisation and portraying himself as the only defender of private property. But, in regions like Kemerovo, that message is likely to fall on deaf ears.

Moscow shows willingness to meet Chechen leaders

By John Thornhill in Moscow

Gen Pavel Grachev, Russia's defence minister, is today expected to visit the breakaway region of Chechnya amid signs that Moscow may be willing to enter direct talks with rebel commanders in an attempt to end a bloody 15-month conflict.

In a television interview over the weekend Gen Grachev said he would be prepared to open talks with Gen Dzhokhar Dudayev, the Chechen leader who declared independence from Moscow in 1991, if that would help end the fighting.

But now, Moscow has refused to consider talks with Mr Dudayev, who has been branded a "bandit" by Russian leaders. The Kremlin's drastic reversal of policy highlights President Boris Yeltsin's desperation to end the war, which has claimed more than 30,000 lives and

undermined his chances of being re-elected.

Several powerful Russian regional leaders, such as Mr Boris Nemtsov from Nizhny Novgorod and Mr Mikhner Shaimiev of Tatarstan, have linked their political support for Mr Yeltsin to a cessation of hostilities. A recent opinion poll in the Sevodnya newspaper suggested Chechnya would be the most important factor determining how electors vote.

It is unclear how the two sides will find common ground for a lasting peace settlement, even assuming Mr Dudayev is willing to talk. Gen Grachev said any talks must be predicated upon Chechnya accepting it is part of the Russian Federation. But some rebel Chechen leaders have said they will settle for nothing less than full independence.

Fierce fighting continued to rage yesterday between separatist forces and Russian troops around the village of Sernovodsk.

Weapons build-up adds urgency to Cyprus issue

Bruce Clark reports on the complex issues raised by the prospect of the island's accession to the EU

The Cyprus issue, the longest-running "regional problem" in Europe, is again forcing its way up the diplomatic agenda in Washington, London and Brussels.

A mixture of fear, expediency and prudence is refocusing minds on the Mediterranean island which has been split since 1974, when Turkey occupied its northern third after a short-lived coup by supporters of union with Greece.

The fear is provoked by a steady increase in armaments on both sides, prompting the United Nations secretary general to describe Cyprus as one of the most heavily militarised areas of the world.

In the words of one western diplomat: "The arms build-up does not necessarily make a flare-up more likely, but it means that the consequences of a clash would be even more terrible." In Washington at least, interest in the island has been kept alive by the demand of Greek-American lobbyists for the Clinton administration to tackle Cyprus with the same energy as it brought to Bosnia.

Mr Richard Holbrooke stepped down last month as US troubleshooter in the Balkans with a firm injunction to his successor that 1996 should be the year of Cyprus - and an assertion that Britain fully shared his impatience.

UK officials have politely distanced themselves from this upbeat view - but Mr Jeremy Greenstock, political director of the British Foreign Office, recently visited Athens, Ankara and Nicosia to assess the prospects for progress.

Britain's interest in Cyprus stems from its role as a guarantor power, and its two military bases on the island - and



Turkish-Cypriot leader Rauf Denktaş, 72, is in intensive care after a heart attack yesterday. Doctors said his condition was stable.

more recently, from the looming prospect of the island's accession to the European Union.

A 14-year-old Greek veto on developing Turkish links with the European Union was lifted last March under an elaborate compromise deal which committed Brussels to opening talks with Cyprus on EU accession.

These talks are to start within six months of the end of the inter-governmental conference on the EU, which starts in a few weeks.

The recent downturn in Turkish-Greek relations has brought home to Britain and other EU members the complexity of the issues raised by their promise to Cyprus.

When Greece insisted last week on postponing payment of EU credits to Turkey - on grounds that Ankara was picking fights in the Aegean - French officials accused Athens of wrecking a delicate compromise.

But Britain found itself alone when it blocked the efforts of the EU's Italian presidency to issue a statement which appeared to imply some questioning of EU promises to Turkey.

The EU has stopped carefully short of saying that it would not admit the Greek-Cypriot administration, which is internationally recognised as the island's government, unless there is an agreement on reunifying the island.

If any stipulation had been made, it would have given the Turks an effective veto over Cypriot accession. But in the words of a senior British official, it would be "monumental folly" for the EU to admit Cyprus without a settlement.

Mr Mustafa Ergun Olgun, a Turkish-Cypriot official who visited London last week as a Foreign Office guest, insisted that the prospect of EU membership could and should be used to extract concessions from the Greek-Cypriots.

Diplomatic pressure on the Greeks to clear the way for a loosely-united island to join the EU could balance out the pressure which has long been felt by the Turkish-Cypriots because of their economic isolation, he argued.

For the Greeks, however, last year's promise to admit the island to the EU was not dependent on any further concessions. The island's economy, they say, is so healthy it could join the fast stream towards European integration almost immediately.

And if the EU insists on blocking Cypriot membership indefinitely, there is an awful prospect that Greece could block the EU's enlargement to the east - and paralyse European integration for good.

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Turkish rivals now uneasy partners

Yilmaz and Çiller have buried the hatchet, but it may be only temporary, reports John Barham

The formation of a centre-right coalition government in Turkey yesterday has finally ended two months' confusion and uncertainty, but political analysts and members of the business community remain unsure about the government's durability or effectiveness.

Some fear that Mr Mesut Yilmaz, the new prime minister and head of the Motherland party, and Mrs Tansu Çiller, the outgoing prime minister and leader of the rival True Path party (DYP), may simply have postponed, not abandoned, their damaging struggle for control of Turkey's centre-right electorate.

The two leaders, who in the past scarcely concealed their contempt for each other, have agreed to share the premiership. Mr Yilmaz will take over from Mrs Çiller for the rest of the year before handing power back to her for two years, after which he will again serve as premier.

However, Mr Yilmaz warned: "We know how difficult the conditions are in which we must work. Rotation [of the

premiership] may add more difficulties to our work. To be successful, both parties have to act like two partners."

Negotiating a watertight agreement was not easy. One commentator close to Mr Yilmaz said: "The Motherland party was very careful in the negotiating process to prevent the other side playing tricks, but it is also trying to see how it can trick [True Path]."

Their partnership is inspired by the uneasy coalition between Israel's Labour and Likud parties, which rotated the premiership between them in 1990-94. Jerusalem even provided True Path and Motherland with copies of the Labour-Likud coalition document.

As well as being debilitated by internal rivalry, the coalition lacks a majority in parliament. Together they can marshal only 261 MPs, 15 short of a majority. Bargaining for support from the two centre-left parties that control 124 MPs could blunt the edge of the new government's planned free-market economic reforms.

Still, the media, the business community and the politically



Rotating premiers: Çiller and Yilmaz shake hands yesterday

powerful military will probably keep up their pressure on the two to work together, just as they insisted that the two set their personal rivalries aside and form a government to exclude the Islamist Refah (Welfare) party from power.

Mr Yilmaz attempted to form a coalition with Refah, which emerged from last December's elections as the largest party in parliament, after twice failing to forge an alliance with

Mrs Çiller. However, Turkish media reported that Refah-Motherland alliance talks collapsed after the army told Mr Yilmaz it would not tolerate a coalition with Refah.

While many Turks heaved a sigh of relief that Refah, which seeks to transform a 73-year-old secular republic into an Islamic one, has been excluded from power they also fear it will grow stronger in opposition. Refah and the small pro-

Islamist Grand Unity party are now the only real opposition in parliament, as the two social democratic parties say they will support the True Path-Motherland coalition.

If the new government does carry out its promise to push through wrenching economic reforms, these policies could hit the poor and state employees hard. Industrial wages are already as low as £97 a month.

Still, MPs from both sides have made little secret of their intention to continue fighting each other for control of the centre-right, which traditionally represents about half the electorate.

Motherland hopes to discredit True Path by exposing alleged irregularities committed during Mrs Çiller's 32 months in power. Mrs Çiller's followers say Motherland, divided among conservatives, Islamist sympathisers and liberals, may split.

Optimists say the real differences between the two parties are exaggerated. Hürriyet newspaper reported last week that they planned to merge by the end of the current parliament. Either Mr Yilmaz or Mrs Çiller would assume the presidency after President Süleyman Demirel's term ends in 2000 and the other would remain as prime minister.

EUROPEAN PRESS REVIEW

Winning TV football bid raises scepticism

ITALY
By John Simkins

Mr Vittorio Cecchi Gori has all the qualifications to make television shows in Italy. La Repubblica commented sourly on Friday. "A gigantic conflict of interests... a football team, sport and film TV rights, political protection and backing from the banks." The reference was to the owner of the Florence-based Fiorentina team who also controls Telemontecarlo and Videomusic - two small TV channels with less than 5 per cent of the national audience.

Mr Cecchi Gori had just astounded the country and dismayed football fans by winning the TV rights for Italian football, beating the state-controlled Rai broadcasting organisation with his bid of L213bn (\$135m) for each of the next three years.

The centre-left La Repubblica was also taking a sideways swipe at one of its arch-enemies, Mr Silvio Berlusconi, the former prime minister and owner of AC Milan. As the paper said in a return to the subject on Saturday, about the only thing which could make Mr Cecchi Gori jealous of Mr Berlusconi was that the latter's team was leading the first division.

The papers were united in their scepticism of the football league's choice of Mr Cecchi Gori, because of doubts as to whether his network could cover the country and as to how he would finance the bid.

But they also poured scorn on the vanquished Rai, which has not been permitted by the government to enter the pay-TV field either. Rai's chairman, Ms Letizia Moratti, seen as linked to the political right, suffered more humiliation when Mr Pippo Baudo, king of TV variety and the San Remo song festival, said he might desert "Mamma" Rai.

"Suffocated by the materialism of a chairwoman who imprints her style on the business way beyond her prerogative, the Rai has lost football and Pippo Baudo in one blow," said La Stampa on Saturday.

The papers were concerned for football fans, who face the loss of beloved Rai programmes such as "Novantesimo Minuto" (Ninetyth minute) and "La Domenica Sportiva" (Sunday Sport), and La Repubblica reported a poll which showed 80.9 per cent of those interviewed expressing doubt that Mr Cecchi Gori could do as good a job as the Rai.

But the papers spotted even more serious implications. For years, said La Repubblica, there has been a need for a third TV axis to rival the Rai and Mr Berlusconi's Fininvest, but given the financing doubts and Mr Cecchi Gori's conflicts of interest - he is a senator with the central Popular party - was this the right way to establish one? Mr Cecchi Gori is seen as a backer of Mr Lamberto Dini, the caretaker prime minister who last week controversially launched his own central party, Dini Italian Renewal.

"Cecchi Gori is today Berlusconi's rival but he has the same idea," said Gianfranco Piazzesi in the Corriere Della Sera yesterday. "He is convinced the successes of a football team and a TV network can push him on."

Mr Cecchi Gori has denied wishing to present "Telly-Dini" but the Giannelli cartoon in the same Corriere edition envisages "The big centre" on Telemontecarlo, with all the players in the centre of the pitch.

La Stampa yesterday reminded readers that Mr Cecchi Gori and Mr Dini were both Florentines. But it held out hope there might be extra time in the match between competing teams.

"The Romans, meanwhile, observe, chat and do their sums... With emperors, popes, kings and presidents, they have known for over 200 years that there is never an end to the story."

Red scarf hides uncertain future

By Andrew Jack in Paris

If one thing more than any other characterised the militants gathered for the 18th congress of Force Ouvrière, one of France's largest unions, which closed in Paris this weekend, it was the red scarf.

Hundreds of activists were wearing the strip of cloth popularised in numerous images by Mr Marc Blondel, head of the union and one of the most important leaders of the demonstrations against the government's social security reforms at the end of last year.

Mr Blondel held court for admirers impressed by his performance during the strikes. Yet the national congress, held once every three years, was not as comfortable as it might have been. For the first time since the creation of the union in 1948, a secretary general

standing for re-election faced an opponent.

Mr Jacques Mairé, head of the Paris regional branch, announced his candidature late last year, accusing Mr Blondel of being in the control of Trotskyist militants and leading the organisation in the direction of conflict and protest.

Equally embarrassing, Mr Blondel faced recent criticism from Mr André Bergeron, his well-respected predecessor as head of Force Ouvrière (FO) from 1963 till 1988, who argued that - unlike the union under its new leader - he supported the French government's social security reforms.

In the event, Mr Blondel carried the day easily. While Mr Mairé knew his defeat was inevitable, he had hoped to win up to 30 per cent of the vote. In fact, he won just half that. Mr Blondel pledged to

request meetings with President Jacques Chirac and the prime minister, Mr Alain Juppé, to demand meaningful social dialogue with the government, and to focus on the challenge of unemployment.

Even so, away from militants' triumphalist standing ovations and the traditional chorus of the "Internationale" at the end of the congress, FO faces some serious challenges in the realignment of the French trade union movement.

Internally, there are clearly tensions. Mr Blondel's activity report was approved by 78.10 per cent, down from 84.23 per cent in 1992. Lingering criticism of him remains from his handshake during the strikes with Mr Louis Vianney, head of the rival CGT union.

Some fear the development of stronger links between the two organisations.

Externally, FO is also under threat. Union membership in the country continues to decline, standing at below 10 per cent. In itself, this is not necessarily a threat - French unions have never had a tradition of mass membership, and, as December's strikes show, can still mobilise considerable support.

Yet the workforce is realigning, and FO's traditional power base in the public sector is under threat. The latest works committee elections in workforces around the country also seem to show FO losing ground to the CGT, and to the CFDT, the more moderate union.

It is no surprise that this weekend Mr Blondel stressed one of his top objectives was to launch a recruiting drive in the private sector. How successful he will be is more open to question.

Unfair, claims Berlusconi

The gloves came off in Italy's election campaign yesterday as supporters of the former premier, Mr Silvio Berlusconi, accused the current prime minister, Mr Lamberto Dini, of having unfair television access, AFP reports from Rome.

President Oscar Luigi Scalfaro meanwhile urged the competing coalitions to make "credible commitments" with programmes "possible to carry out". Mr Berlusconi, media magnate and leader of the rightwing National Alliance, demanded that existing elec-

torial laws be changed to limit the amount of television airtime allocated to Mr Dini during the election campaign.

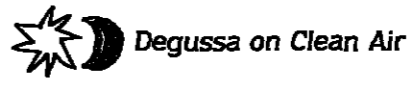
The current law guaranteeing equal media access to candidates was put in place in 1993 to prevent the Berlusconi-led coalition gaining an unfair advantage - he owns three private television channels. At the time he protested vigorously against the law.

But when Mr Dini, the caretaker prime minister, said he did not intend to change the law for the current elections,

the right wing reacted angrily. Under the law, political advertising is banned 30 days before the elections - scheduled for April 21 - and candidates are allocated equal airtime. However Mr Berlusconi's party, Forza Italia, said regular government business, including Italy's current role as President of the European Union, was itself a form of advertising.

Mr Dini said he would only change his position under pressure from "a great majority of forces".

NDAY MARCH...
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NEWS: ASIA-PACIFIC

Bangladesh's PM offers to step down

By Mark Nicholson, South Asia Correspondent

Mrs Khaleda Zia, Bangladesh's prime minister, yesterday moved to meet the central demands of opposition parties which boycotted last month's elections by offering to form a "non-party" government to hold a contested poll...

television broadcast. Police using teargas put down protests in Dhaka, the capital and Rajshahi, to the north. Opposition leaders offered no immediate comment.

Violent clashes before, during and since the poll have claimed 30 lives and left hundreds injured. The opposition has vowed to "close down" the country from March 9, seeking the resignation of Mrs Zia and demanding new elections under a neutral government within 90 days.

change which her previous government did not have a sufficient majority to enact. With such a majority now in place, Mrs Zia also said last night the government would also put her fresh proposals to a referendum.



Khaleda Zia: prepared to resign

China to permit limited forex trading

China is to permit pilot interbank foreign exchange trading in four locations as a step towards currency convertibility on the current account, writes Tony Walker in Beijing.

Regulations issued by the People's Bank, China's central bank, mean foreign-funded institutions will be permitted to trade foreign exchange at designated banks without first securing approval of the State Administration of Exchange Control.

Howard weighs into office with a promise of unity

Nikki Tait looks at problems facing Australia's new government

Mr John Howard, who became Australia's 25th prime minister on Saturday night, claimed his job with a promise to both unify the country and differentiate his government from that of the previous Labor administration.



John Howard: "We have a very powerful mandate"

THE MAIN POLICIES

- AS1bn-worth of annual tax breaks for low- to middle-income families. Tax or cash rebates for private health insurance...

perhaps one Green party senator and an independent, they are likely to retain the balance of power in the upper house. This could be difficult for Mr Howard.

she has also pledged not to thwart supply (that is, the bulk of a government's finance package). But Ms Kerot signalled that the Democrats' opposition to certain coalition policies would not be easily shifted.

Canberra's new boys on the block

By Nikki Tait in Sydney

The Liberal-National coalition's sweeping victory on Saturday will mean a big change to the prominent faces in Canberra.

shadowing for two years. Mr Costello, a one-time student activist, comes from a middle-class, Baptist background in Victoria and comparisons have already been drawn with the young Paul Keating.

manner will be well suited - or sufficiently softened - to deal with a delicate situation in the Senate, parliament's upper house where the coalition will probably lack a majority.

A couple of ill-judged remarks and media blunders forced Mr Downer out of the leadership job. Since then, he has put in diligent and often effective performances.

On the Labor side, changes will be no less significant. Paul Keating said on Saturday he would not contest the Labor leadership position.

Advertisement for Sharp photocopier. We spend all day thinking about reproduction. That's how the fastest photocopier in its class was born.

Europe will be 'sympathetic' on freer trade

By Peter Montagnon and Ted Bardacke in Bangkok

Europe will give "serious and sympathetic response" to suggestions from members of the Asia-Pacific Economic Co-operation forum that it launch Asia's trade liberalisation with market opening measures of its own.

allusion unless it too moved to open its markets. On Friday Mr Ryutaro Hashimoto, Japan's prime minister, called on Europe to take concrete action.

Europe and Asia in accord to increase volume of exchanges

Bureaucratic budgets and global flight plans will be strained by the volume of meetings and exchanges the world will witness over the next couple of years, after European and Asian leaders announced a long list of measures to follow up on their first-ever meeting in Bangkok.

Europe and Asia have agreed to build a historic "trans-Asian" railroad running from Seoul through North Korea, China and Singapore, AFP reports from Seoul.

reform of EU anti-dumping procedures - as a reward for giving European businesses "access to our low-cost labour" in the words of Malaysian prime minister Dr Mahathir Mohamad - were all but rejected.

They had to satisfy demands from home that human rights should be raised, without sparking a row which would undermine the summit.

Australian election RESULTS table showing House of Representatives 148 seats (1993 results in brackets) with columns for Labor party, Liberal/National coalition, Liberals, Nationals, and Others.

There is also a more immediate difficulty - namely whether Mr Beazley retains his Perth-based seat of Brand, which was held only on a margin of 3.7 per cent.

China has indicated it will make moves towards convertibility this year, but bankers sceptic that they believe that it will take more time for China to put in place mechanisms to support such moves.

Ted Bardacke and Peter Montagnon

NEWS: INTERNATIONAL

Hamas shows political power

Julian Ozanne assesses hopes of dialogue to advance peace

Four Islamic attacks against Israelis in the past eight days have established that the extremist Hamas Islamic group has the power to determine the fate of the Arab-Israeli peace process...



Israeli Prime Minister Peres (circled) visits the blast scene in Jerusalem yesterday

The attacks have proved that Hamas remains a serious political and military power which, if ignored, could still torpedo the fragile peace gains of the last two and a half years.

Less clear are the immediate political objectives of Hamas, a movement in the throes of a divisive internal debate over whether to drop its armed struggle against Israel in favour of political accommodation with Mr Arafat.

All Hamas leaders oppose the peace process on principle and believe it will never deliver the Islamic state Hamas wants in most of the land of "Palestine".

Although the moderates believe the peace accord will ultimately fail to deliver Palestinian rights, they think the movement must forge a short-term accommodation rather than risk open confrontation with Mr Arafat.

leadership and a strict organisational division between the political and military wings. It is often uncertain whether the political wing is driving the military wing or vice versa.

Also, last week, after the Izz ad-din al-Qassam brigades, the Hamas military arm, had denied responsibility for last week's attacks, it became apparent that the military wing itself is split.

Hamas leaders in Gaza yesterday tried to portray the recent bombings as a series of revenge attacks by Hamas guerrillas for the death of Ayyash and as a warning to Israel to cease hunting down Hamas militants.

week in return for release of Hamas prisoners and an end to Israeli attacks on its activists. But analysts call this a smokescreen and say the attacks are a much more important message, to Mr Peres and Mr Arafat, that Hamas, backed by up to 20 per cent of Palestinians, must be taken into a political dialogue.

"Hamas is sending a message to Israel that our blood is not cheap and Israel must think seriously about involving Hamas in a political dialogue," said Mr Imad Faluji, a former Hamas leader and an elected member of the Palestinian parliament.

Mr Faluji, who acts as a bridge between Mr Arafat and Hamas, said the latter was clearly aware of the political impact the attacks have on the electoral chances of Mr Peres and was deeply concerned about the possibility of the right-wing Likud opposition

coming to power in Israel on an anti-peace ticket. Both Mr Faluji and Sheikh Abu Musamah, editor of the banned Hamas newspaper Al-Watan, confirmed the movement was in a "self-evaluation." The editor said the political wing had been close to a political agreement with Mr Arafat when Israel killed Ayyash. But, until there was such an agreement, said Mr Faluji, Hamas military cells were free to carry out any action they thought necessary.

Once a political accommodation was struck, the political wing would be able to enforce it on the military wing. Efforts to reach accommodation with Hamas are now in question. Israel refuses Hamas offers of dialogue, saying it will not negotiate with terrorists and that it is up to Mr Arafat to deliver his side of the peace deal and guarantee Israeli security.

But it is by no means certain that the option of continuing to press Mr Arafat to crack down harder on Hamas will bear fruit, and Mr Arafat is mindful of the potential for major internal conflict such a crackdown could provoke.

Withdrawal of four candidates may frustrate business-minded

Iran election setback for moderates

By Robin Allen, recently in Tehran

The chances of moderate rightwing groups gaining a majority in elections on Friday to Iran's Majlis, or national parliament, suffered a setback yesterday with the withdrawal of four members formerly on the list of the Freedom Movement of Iran.

The four had been allowed to contest the elections as individuals, rather than under the FMI umbrella.

Political commentators in Tehran said that the decision of the FMI candidates to withdraw would deprive many middle-class voters of an identifiable "business-minded" group for which to vote.

The four ostensibly withdrew their nominations to protest against the refusal of the Interior Ministry to allow them to hold public meetings at Tehran University and in the capital's suburbs.

The departure of the FMI grouping from the political arena coincides with shifting personal alliances within other big rightwing and technocratic groups, with several individuals appearing on the lists of more than one competing faction.

"Providing enough people voted to elect a moderate, there is a good chance that growing public enthusiasm for more secular and less clerical government will be reflected in the new Majlis."

"This would make it much easier for Iran to have a non-clerical president to succeed the incumbent, President Hashemi Rafsanjani, next August."

A total 3,232 individuals from more than a dozen groups - political parties as such are banned under Iran's Islamic constitution - is contesting 270 seats in the new four-year Majlis. The parliament will be the fifth since the revolution of 1979 gave the Shia clergy a stranglehold on the country's political system.

Public concern over inflation, officially put at 54 per cent last year, and general economic mismanagement has eroded the clergy's overt authority.

But most groups which have passed the regime's stringent official vetting procedures, have retained an Islamic "label".

The most prominent are traditional conservatives in the JRM (Jame'eh-Ruhaniyat-e-Mobarez or Assembly of Combatant Clergy), which holds a majority of 150-160 members in the outgoing Majlis; candidates under the G-16 label of more modern-minded technocrats, all of whose sympathisers have had government experience; and a large number of independent factions represented by provincial businessmen and academics who are well known in their own communities.

The main left-wing group, the MRM, is boycotting the elections.

INTERNATIONAL NEWS DIGEST

Moroccan king plans reforms

King Hassan of Morocco said yesterday he would set out a wide-ranging programme of constitutional reform in the second half of this year - including changes in the country's parliamentary system.

Under the present constitution, a third of the 333 parliamentary deputies are picked by an electoral college, a system which the opposition says does not ensure proper representation. The opposition argues that the system of indirect elections works in favour of the centre-right parties now in government.

King Hassan said he would put forward the changes after the second session of parliament, which ends in June or July. He indicated that the political changes being proposed were part of comprehensive reforms that involved looking at administration, the economy and education. The king, 66, also assured Moroccans he was physically fit after a recent illness.

Reuter, Rabat

Shift in Venezuelan Congress

The Venezuelan government of President Rafael Caldera has lost its control of congress to a new alliance of opposition parties. The two-year-old coalition of the Democratic Action Party and the government party Convergencia was ousted from the presidencies of the upper and lower chambers by the socialist MAS party and the centre-right Copel party.

The shift could complicate Mr Caldera's efforts to pull the country out of a deep economic crisis and to reach a stand-by agreement with the International Monetary Fund.

Late last week, the government postponed talks with the IMF because of "an unclear situation in Congress." Several tax and deficit reduction bills proposed by the government depend on congressional approval and are deemed necessary to reach an agreement with the IMF.

Raymond Collis, Caracas

South African trial to start

The trial of South African former defence minister Magnus Malan, and of other high-ranking military and intelligence officers accused of organising death squads, is to begin today in Durban.

Mr Malan, 66, and 19 others, including members of the old military intelligence, chiefs of divisions of the white-led army and the deputy secretary-general of the Zulu-based Inkatha Freedom Party, face a lengthy Supreme Court trial.

They are the most prominent South Africans to face trial for alleged crimes of the country's apartheid era since the first elections for all races brought black majority rule to South Africa in April 1994.

The trial will hinge on the massacre of 13 people, mostly women and children, in the Zulu heartland of KwaZulu-Natal province in 1987.

Reuter, Durban

Record global sales of drugs

Daniel Green finds rapid US growth leading pharmaceutical surge

World drugs sales grew to record levels in 1995, led by rapid growth in the US, according to figures published today. Sales of prescription drugs at retail pharmacies in the top 10 markets grew by an average of 8 per cent, excluding currency effects, to \$138bn.

That compares with sales growth of 5 per cent in the previous year and to 1 per cent in 1993, according to IMS, the specialist drugs industry market researchers.

The US market was the fastest growing in the top five countries, with sales up 10 per cent to \$54.7bn.

The UK was the second fastest growing, with sales having risen 9 per cent to \$6.25bn. The UK remains, however, a smaller market than that of Germany, France or Italy.

German sales grew 7 per cent to \$16.5bn. French sales rose 6 per cent to \$15.1bn. In Italy, where the government has introduced a series of measures to restrict spending on medicines, drug sales increased 4 per cent to \$7.8bn.

Japan was the third fastest growing country, recovering from price controls imposed in 1994, with sales up 8 per cent to \$26.4bn.

Among the smaller markets, there was high growth in Spain largely due to a recovery from state-imposed price controls and sales were up 11 per cent to \$4.77bn.

The picture, when measured by medical area, shows the fastest growth in four areas, thanks largely to the introduction of new products.

Sales of anti-infective products, including antibiotics and anti-virus drugs such as treat-

ment for AIDS and herpes, rose 13 per cent in 1995 to \$1.7bn.

The drug categories highlight cultural difference between countries. Anti-infective sales in the UK, where doctors are conservative about prescribing, grew 11 per cent to \$464m. In France, which has a population of similar size, sales grew 15 per cent

to \$2.02bn. France has among the lowest drug prices in Europe, but this is counterbalanced by doctors' habit of heavy drug prescribing and a health care system that allows patients to visit more than one doctor.

Respiratory drugs, mostly for treating the fast growing condition asthma, rose by the

same proportion to \$14.2bn. During 1995, there was spectacular growth in sales of nervous system drugs, which include anti-depressants such as Prozac, made by Eli Lilly of the US.

Sales in this category rose 12 per cent to \$18bn. In the US, nervous system drug sales grew 14 per cent to \$9.89bn, making it the biggest

world's biggest selling medicine.

But both these categories are growing much more slowly than most others, thanks to increasing competition as patents expire.

Digestive system drugs sales grew 6 per cent to \$23.5bn, and heart drug sales rose 4 per cent to \$24.9bn.

Single medical category. Sales of blood agents, including the relatively new category of cholesterol-lowering drugs, rose 13 per cent to \$7.86bn.

In most other countries, the biggest categories remain heart drugs and digestive system drugs such as Zantac, the ulcer drug made by the UK's Glaxo Wellcome, which is still the

World pharmacy drug purchases January-December 1995 in US dollars (\$m)

Table with 10 columns: Country, Cardiovascular, Alimentary/Metabolism, Central nervous system, Anti-infectives, Respiratory, Blood agents, Musculo-skeletal, Others, Total. Rows include US, Japan, Germany, France, Italy, UK, Spain, Netherlands, Belgium.

Source: IMS International. *Non-hospital market only. †Increase excluding currencies.

CONTRACTS & TENDERS

Syrian Arab Republic Ministry of Electricity Public Establishment of Electricity For Generation and Transmission Contract Department

Telegram: SYRELEC P.O. Box 3386 Telex: 411056 SY Fax: 2229062 Phone: 2223086 2229654

EXTERNAL CALL FOR TENDERS No. 30/96

The public establishment of Electricity for Generation and Transmission (PEEGT), intends to execute a thermal power station project consisting of three units, the capacity of each 200 MW ±10% at Al-Zara site.

This project is financed by the Overseas Economic Cooperation Fund (OECF) of Japan, towards the foreign currency portion.

PEEGT invites herewith the experienced firms to bid for:

- the design, manufacture, delivery, transport, insurance, testing, executing the civil works, erection and putting into operation of this project on turn-key basis, including the delivery of spare parts, tools and training of PEEGT's personnel. In accordance with the conditions specified in the file of external call for tenders No. 30/96 those interested can obtain a copy of tender documents from PEEGT- contracts department- between 11-12.30, during the official business hours and against payment of SYP (129000) for Syrian tenderers, or U.S.D. (3000) for foreigners and Arabs non Syrians.

- Location: Al-Zara, 25 km to the north of Homs City.

- Bid bond: USD (1,500,000), only one and half million US Dollars.

- Performance Bond: 5% of the total value of every currency given in the awarding of the contract.

- Execution Periods:

- 1. Section One: (27) months
- 2. Section Two: (29) months
- 3. Section Three: (31) months

Starting from the date of effecting the advance payment and opening the letter of credit whichever of the dates is the latter.

- Penalty of delay:

In case of delay of executing any section of the project, a penalty of delay as specified in the Administrative, Juridical and financial book will be applied, taking into consideration that the ceiling of penalty of delay shall not exceed 20% (twenty percent) of the total value of the contract.

- PEEGT will grant to the awarded tenderer an advance payment equal to (10%) of the total value of the contract against submitting a bank guarantee.

LEGAL NOTICES

PORTUGUESE INVESTMENT FUND LIMITED (In Voluntary Liquidation) ANNOUNCEMENT (Incorporated with limited liability and registered under the laws of the Cayman Islands.) NOTICE IS HEREBY GIVEN: 1. THAT at an Extraordinary General Meeting of the above named company, duly convened and held on Monday 19. February 1996, the following Resolutions were duly adopted: AS A SPECIAL RESOLUTION THAT the company be placed into voluntary liquidation forthwith; AS AN ORDINARY RESOLUTION THAT James Clive of Esme & Young, P.O. Box 510, One Capital Place, George Town, Cayman Islands, British West Indies be appointed as the voluntary liquidator of the Company;

PUBLIC NOTICES

NOTICE OF APPLICATION FOR VARIATION OF APPOINTMENT OF NORTHUMBRIAN WATER LIMITED PURSUANT TO SECTION 8(2) OF THE WATER INDUSTRY ACT 1991

This notice is issued in accordance with Section 8(2) of the Water Industry Act 1991. Application has been made to the Director General of Water Services for the variation of appointment of Northumbrian Water Limited ("Northumbrian") to extend the areas to which that appointment relates to cover the areas presently served by North East Water plc ("NEW").

The application for the variation of Northumbrian's appointment is in accordance with an agreement between Lyonnaisse Europe plc (now the holding company of both NEW and Northumbrian) and the Secretary of State for Trade and Industry that, following the successful offer by Lyonnaisse Europe plc for the shares in Northumbrian Water Group plc (which owns Northumbrian Water Limited), there should be a merger of the operations of NEW and Northumbrian and that these operations should be carried on under a single licence.

Subject to the variation of appointment becoming effective, the property, rights and liabilities of NEW will be transferred to Northumbrian by way of a transfer scheme in accordance with Schedule 2 of the Water Industry Act 1991. The transfer scheme (which is subject to the approval of the Director General of Water Services) will take effect on the same day that the variation of appointment comes into force.

مكتبة من الأصيل

South Carolina primary damages Alexander Dole re-takes lead in nomination race

By Jurek Martin in Savannah, Georgia

For the first time in weeks, Senator Bob Dole is smiling like a front-runner.

A convincing victory in the South Carolina presidential primary on Saturday re-established the Senate majority leader as the favourite for the Republican party's nomination...

Mr Dole won with 45 per cent of the Republican vote, followed by Mr Pat Buchanan, the conservative pundit, with 29 per cent...

By carrying the state and its six congressional districts, Mr Dole won all 37 convention delegates and thus vaulted back into the lead in the race for the 996 needed for nomination...

South Carolina probably spelled the beginning of the end for Mr Alexander. A comparable finish in Georgia, where the latest poll in the Atlanta Constitution newspaper puts him a poor third with only 16 per cent...

But neither Mr Buchanan nor Mr Forbes is likely to fold his tents. The publisher, who at least matched his modest expectations in South Carolina and has money to burn...

Mr Buchanan will also continue his crusade all the way to the convention, unless he breaks off in the direction of a third party.

that he appears unable to exceed the 30 per cent barrier that represents his core right-wing and populist support in the party.

In South Carolina, in spite of strength among religious conservatives, he barely improved on the 26 per cent he took in the 1992 primary against President George Bush.

Still, Mr Buchanan claimed in Atlanta yesterday that...



Dole: 77 delegates bagged

while it was clear President Bill Clinton would beat Mr Dole in November, the White House was nothing like as "confident" about taking him on.

Mr Dole's victory was attributable to hard work on his behalf by Mr Carroll Campbell, a respected former governor, and Mr David Beasley, his successor and the incumbent.

The long string of endorse-

ments Mr Dole has nationwide should also prove an asset as the primary season moves beyond the single-state politics of its opening to the multi-state campaigning of the next, vital three weeks.

Tomorrow has already acquired the nickname Junior Tuesday. A week later is to come Super Tuesday, with 12 scattered states voting, including Texas and Florida, the second and fourth largest in the US.

On the other hand, Mr Dole does have some money problems. As a recipient of federal matching funds, he is limited to spending no more than \$37m (£24m) on the primaries.

Separately, Mr Thomas McLarty, special adviser to President Bill Clinton and travelling with Mr Christopher, said President Fernando Henrique Cardoso of Brazil was "receptive" to the idea of a second summit, although the two sides had not discussed details of its exact timing or location.

Mr Christopher said Mercosur, the customs union of Brazil and three other South American countries, was a valid but "transitional" building block towards economic integration in the region.

US push for free trade in Americas

By Angus Foster in São Paulo

Mr Warren Christopher, US secretary of state, on his first visit to South America since taking office, has welcomed the region's moves towards democracy and economic reform...

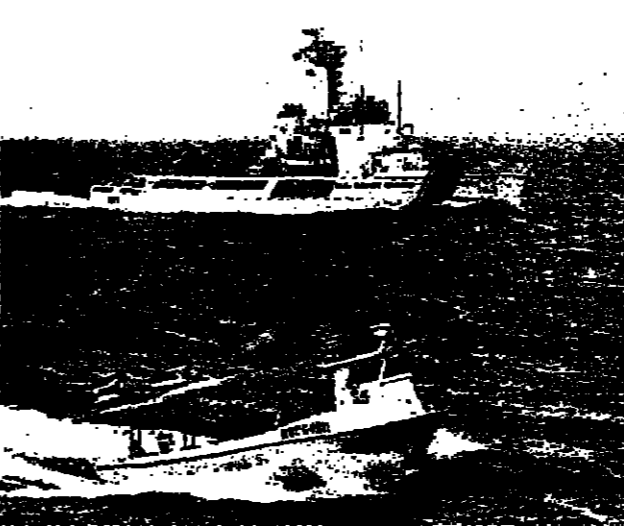
The secretary, who last week visited Chile and Argentina, said Brazil and the US had the opportunity to form a "strategic partnership" to drive the region forward because of their size and the importance of their economies.

In a speech to businessmen in São Paulo, Mr Christopher said momentum must be sustained towards negotiating the FTAA, which some critics say has made little progress since it was launched at the Summit of the Americas in late-1994.

Separately, Mr Thomas McLarty, special adviser to President Bill Clinton and travelling with Mr Christopher, said President Fernando Henrique Cardoso of Brazil was "receptive" to the idea of a second summit...

Mr Christopher said Mercosur, the customs union of Brazil and three other South American countries, was a valid but "transitional" building block towards economic integration in the region.

Brazil is a signatory to the FTAA, but the country's trade with Europe is as important as its trade with the US.



Cuban exiles curtail memorial sea trip

Cuban exiles cut short a weekend memorial service at sea for four comrades killed by Cuban fighter aircraft last month, AP reports from Key West.

Escorted by 11 US Coast Guard cutters, a flotilla of 35 boats left Key West early on Saturday and lurched into waves whipped up by high winds across the Florida Straits.

By early afternoon, 21 boats had turned back. The rough seas prevented the 14 remaining vessels from reaching the spot 34km north-west of Havana where the exiles' two aircraft were believed to have crashed after they were shot down by Cuban MiG jets on February 24.

Flotilla leaders had promised to stay well outside the 20km limit of Cuban territorial waters. The planned memorial service was held 70km south of Key West. Exiles dropped flowers and wreaths into the sea, then headed back to Florida.

Mean lawman's intent to save Christopher Parkes visits a cost-cutting sheriff in Phoenix, Arizona

Sheriff Joe Arpaio from Arizona, who calls himself the meanest lawman in the west, is planning to embellish his old-style jail regime with the modern-day principle of equal rights for women prisoners.

It was one of Sheriff Arpaio's earliest responses to the budget squeeze. By his estimates, the encampment - lately adorned with a neon vacancy sign on the watch-tower - cost \$80,000 compared with up to \$200m for a conventional building.

Other penny-savers include the introduction of boloney sandwich lunches, which save \$350,000 a year on hot meals, and removal of coffee from the menu (\$100,000).

The search for economies has been given extra impetus by decisions such as the most recent \$10m slice off the sheriff's departmental budget, which forced him to reduce his corps of prison guards by 200.

These have attracted international study by criminologists, civilian volunteers enough for a 2,500-head posse, funds - and attacks by more conventional elected officials dismayed by

polls which show Sheriff Arpaio as the most popular politician in Arizona's history. The 1,000-inmate canvas jail, built of tents from the military, was opened in 1993 where stepping outdoors in summer is advisable "only if you have eight legs and a big hat," said one local.

"I don't believe in discrimination in my jails," he says. Despite the chain gang's reputation, it has proven relatively popular among today's male convicts, who are allowed to choose, when they break rules, 30 days working linked man-to-man and foot-to-foot or close confinement in "lock-down".

Tent City, as the canvas jail reserved for convicted felons is known locally, will be opened for women on April 1. The sheriff has not yet decided whether they should be offered equal chain gang rights but "There could be a problem if the women want to go on the chain gang."

The camp - between a dog pound, a town dump and a waste disposal plant - and sightings of the gangs cleaning streets are the most visible manifestations of the former federal drugs enforcer's fundamentalist strategies at work in cash-strapped Maricopa County, central Arizona.

These have attracted international study by criminologists, civilian volunteers enough for a 2,500-head posse, funds - and attacks by more conventional elected officials dismayed by

how, on his visits to jail, prisoners used to salute him with "the finger". Nowadays, "they're using two hands, which is great, because I'm known as the meanest sheriff in America and I like that title," he said recently.

"I want to make it so tough that nobody wants to go to jail," he declared. Dedication to his goal of reducing recidivism from 70 per cent to 60 per cent by making imprisonment as unpleasant as possible recently led to his spending a night in Tent City.

Other penny-savers include the introduction of boloney sandwich lunches, which save \$350,000 a year on hot meals, and removal of coffee from the menu (\$100,000).

Critics charge that some of the more petty deprivations imposed on convicted and remand prisoners alike - such as the ban on smoking and on pornographic magazines, and a prescribed television diet of tapes of Speaker Newt Gingrich enriched with cable access to the Cartoon Network and The Weather Channel - raise tension unnecessarily.

However, there were few complaints about a recent fund-raiser which sprang from the discovery that hard-wearing prison underwear was being smuggled out of county jails and sold as fashion gear on the open market.

A special batch in delicate

rose, emblazoned with the inspirational phrase "Go Joe", was sold to raise more than \$200,000 for the sheriff's contingency fund.

This, in turn, has been recycled into yet another scheme which, opponents claim, is the most likely yet to lead to the sheriff's downfall. Riding on the success of his resurrection of the civilian posse, and its deployment in pursuit of prostitutes, graffiti artists and pickpockets, Mr Arpaio has now ordered his deputies to dog Phoenix drug peddlers.

Despite warnings from politicians and local police officials, a volunteer corps of 800 has been trained in staffing telephone hot lines, surveillance, house searches, serving arrest warrants and the use of arms.

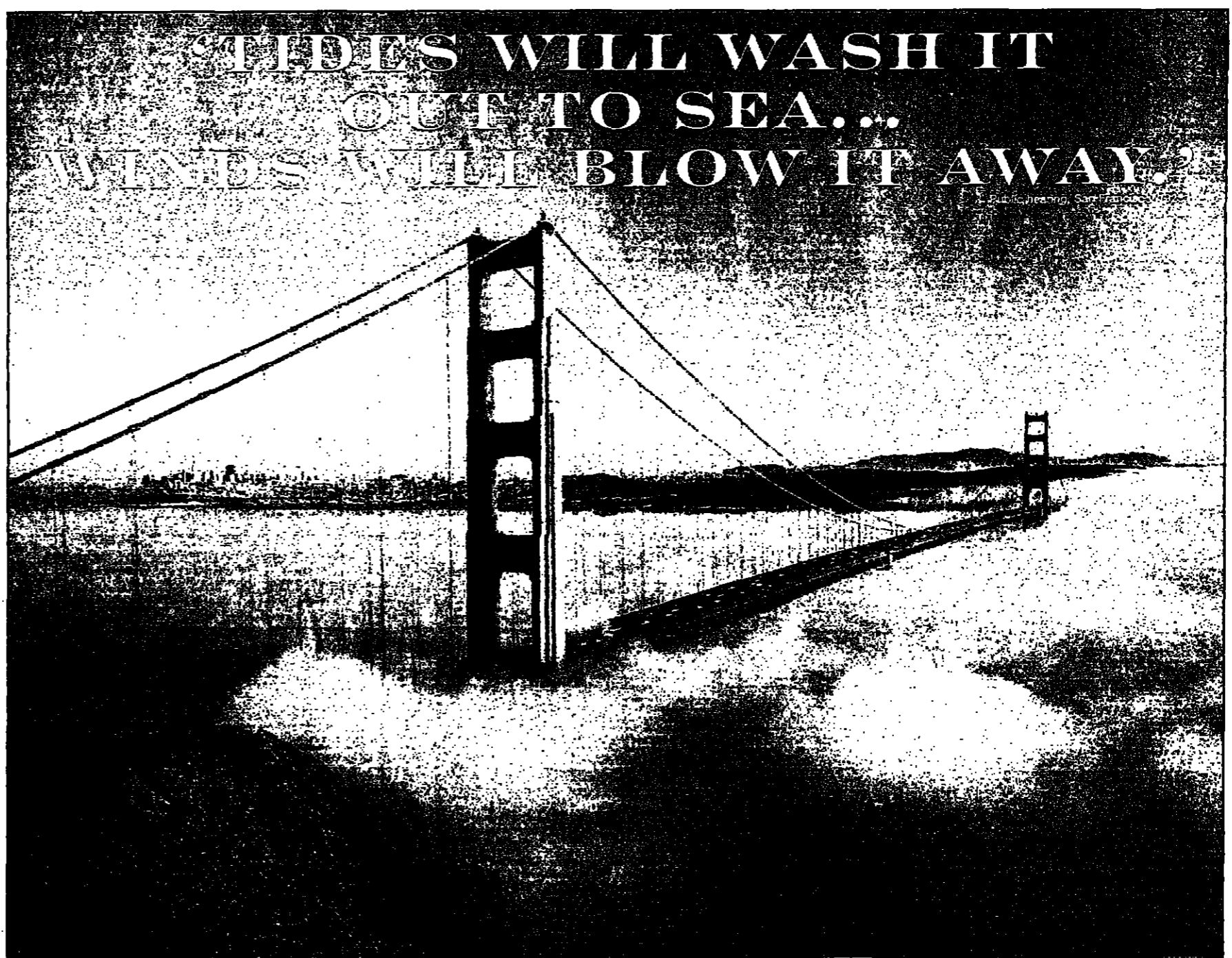
In the 10 days since the posse were sent out, they have picked up 20 suspects a day on average, several pounds of marijuana, several grammes of cocaine and methamphetamine, and a small armoury of guns.

None of the posesses has yet encountered any violence; none has yet blundered into a large deal involving armed-to-the-teeth heavyweights or undercover police.

The sheriff's opponents insist it is only a matter of time before they do - just as it is only a matter of time before the two armed guards in charge of Tent City find themselves, one summer's day, in 120-degree heat, confronting 1,000-degree inmates demanding a cup of coffee.

Various small advertisements and notices on the left margin, including 'an king forms', 'lan Congress', 'ial to start', 'drugs', 'ceutical surge', 'APPOINTMENT', 'STRY ACT 1991', 'Act 199', 'ny, rights and facilities', 'Limited', 'Time NE3 3PX'.

OBSERVING THE BREATHTAKING BEAUTY OF THE BRIDGE ACROSS SAN FRANCISCO HARBOUR TODAY, IT'S HARD TO IMAGINE THE FEAR AND LOATHING CAUSED BY PROPOSALS FOR ITS CONSTRUCTION. THE SIMPLE REASON WAS THAT, BECAUSE NOTHING QUITE LIKE IT HAD EVER BEEN ATTEMPTED BEFORE, IT WAS FAR BEYOND PEOPLE'S IMAGINATION. PROPOSALS IN THE LATE 60S FOR AN AERONAUTICAL VENTURE SPANNING GERMANY, FRANCE, THE UK AND SPAIN MET A SIMILAR REACTION. YET, ONLY 25 YEARS LATER, IT'S NOW POSSIBLE TO STAND BACK AND MARVEL AT THE EXCEPTIONAL PROGRESS AND ACHIEVEMENTS OF AIRBUS INDUSTRIE. THE COMPANY WHICH STARTED FROM NOTHING NOW SUPPLIES 80% OF THE WORLD'S LEADING AIRLINES WITH A FAMILY OF STATE-OF-THE-ART CIVIL AIRLINERS. THIS INCLUDES THE FOUR ENGINED A340 WITH THE LONGEST RANGE OF ANY PASSENGER AIRCRAFT. MOST SIGNIFICANT OF ALL, THE UNPRECEDENTED COMMERCIAL CO-OPERATION BETWEEN



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NEWS: UK

'I'm not ruling anything in and I'm not ruling anything out,' says Hong Kong governor

Patten ponders return to Commons

By John Kampfer
in Hong Kong

Mr Chris Patten, the British governor of Hong Kong, signalled yesterday that he was looking to return to mainstream British politics after overseeing the handover of the colony to Chinese sovereignty next year.

Mr Patten was appointed governor after losing his seat in the British House of Commons in the 1992 general election when he was chairman of the governing Conservative party. He has for some time been seen by more moderate Conservatives as their choice to succeed Mr John Major if they lose the next election, which is due by May next year.

Speaking at Government House in Hong Kong while hosting a visit to the colony by Mr Major, Mr Patten made clear that he would not quit his current job until the transfer of power on June 30 next year. Asked if he could see a return to the Commons after that, Mr Patten replied: "Yes, certainly. I am not ruling anything in and I'm not ruling



Go west, young man: John Major (right) and Chris Patten in Hong Kong yesterday

anything out." He said he did not want to speculate on the result of the British election. "But I remain interested in issues at the centre of the debate in Britain and in Europe. How could I not be? I've been professionally involved in politics since I was

21 years old." Speculation has surrounded the future of Mr Patten, who was credited with masterminding the Conservative victory at the last general election against the odds. His own defeat in his constituency in the west of England city of Bath left a gap in the centre-

left of the party that no potential candidate has yet filled. By contrast, several senior figures on the right have staked robust claims to take over after the election, including Mr Michael Portillo, defence secretary, and Mr John Redwood, who resigned from

the cabinet last year to fight the prime minister for the party leadership.

Last month the executive of the 1922 committee - the party's senior backbenchers - decided to rule out a further challenge to Mr Major ahead of the general election. That would, in theory, give the party leadership time to find a comparatively safe seat for Mr Patten immediately afterwards.

Despite his heavy involvement in tense negotiations with Beijing over the terms of the transfer of Hong Kong, Mr Patten has given increasing hints of a readiness to return to the Westminster fray.

In one recent speech during a trip to the UK, Mr Patten made a strong call for keeping public sector spending below 40 per cent of gross national product. This was seen as a pitch away from the left of the party to the centre.

He has also let it be known that he has lost enthusiasm for a single European currency, making clear that the foremost priority for the European Union was enlargement.

N Sea oil output expected to rise by 5% to record

By Robert Corzine in London

UK oil production is on track to set a record of 2.71m barrels a day this year, says the annual industry review by Wood Mackenzie, the Edinburgh-based energy consultants.

The forecast figure represents a 5 per cent increase on last year's average output of 2.58m b/d, which in turn amounted to a 3 per cent increase over 1994.

The upward trend in North Sea production is set to continue for some years, says Wood Mackenzie, with output of as much as 3m b/d towards the end of the decade.

It says "new technology, cost-reduction measures and an attractive and stable fiscal regime" are some of the factors behind the growth in oil output. In addition projects in new areas, such as the UK's latest oil province west of the Shetland Islands, are proving to be "relatively successful."

The growth in UK production is part of a general rise in North Sea output. Total production from Norway, the UK, Denmark and the Netherlands this year is expected to average around 6m b/d, a 9 per cent rise over 1995.

The Norwegian government will be the largest producer, accounting for about a third of total North Sea production. Statoil, the Norwegian state oil company, will be the second largest North Sea producer this year, followed by British Petroleum.

The consultants say the expected rise in 1996 production in the UK will be the result of a less extensive offshore maintenance season this year and the start-up of 15 new fields.

Six fields - Douglas, Foinaven, Harding, Lennox, Magnus South and Pelican - are due to begin production in the first half of the year. They will have a combined output of 150,000 b/d.

Row brews over pace of energy reforms

By Robert Corzine in London

Britain's gas and electricity industries are on a collision course over the pace at which competition is being introduced into the two energy sectors.

There are growing concerns that the regional electricity companies may be able to carve out a share of the gas market, which is being opened up first, while retaining the monopolies of supply in their own sectors.

The first test phase of competition in the domestic gas market will begin on April 29 in south-west England, and Sweb, the area's electricity distributor, has already signed up 60,000 British Gas customers. Both energy markets are due to be fully liberalised by 1998. But regional electricity companies have so far taken few steps to prepare for competition, prompting fears that they "will sit on their hands" and delay liberalisation for as long as possible.

Ms Clare Spottiswoode, director general of Ofgas, the gas industry regulator, said the situation was "gearing up to become a scandal". Ms Spottiswoode was in Plymouth to launch a publicity campaign for the first test phase of gas competition among half a million households in the south-west. No such tests are planned by the electricity companies, and some analysts believe the industry will miss the 1998 deadline.

Mr Stephen Littlechild, the electricity regulator and a supporter of liberalisation, has been criticised by some officials for not showing sufficient leadership. Concern about the uneven progress of the government's plans to give millions of consumers a choice of energy suppliers has been reinforced by Sweb's success in the south-west.

Its performance has encouraged officials keen to see British Gas's monopoly broken. But it has also highlighted the potential for the regional electricity companies to use their monopoly power to gain big shares of the gas market.

Government officials say Sweb's 60,000 gas customers represent a "much bigger figure than thought likely" at this stage of the pilot programme, and place it "way ahead" of British Gas's other competitors.

They say Sweb's performance shows the advantage regional electricity companies will have in entering the domestic gas market thanks to their local knowledge and established infrastructure.

British Gas believes the future success of British Gas Energy, the new consumer-oriented supply arm to be created as a result of the planned demerger of the group, will depend on its ability to offer energy packages of gas and electricity.

Ms Spottiswoode supports that view. "The one saving grace for British Gas was to get into electricity," she said. Other new entrants also want to supply both energy sources to households.

Nestlé joins bid for main rail line

By Charles Batchelor,
Transport Correspondent

British Telecommunications and Nestlé, the Swiss foods group, have teamed up with managers of the East Coast InterCity main rail line in their bid for a franchise to run services between London, the north-east of England and Scotland.

The management has signed up Mr Marco Pierre White, the chef who runs a restaurant at London's Hyde Park Hotel - to advise on catering.

Final bids were submitted on Friday for the second set of rail franchises to be offered, comprising Midland Main Line and Gatwick Express, as well as East Coast InterCity. Bids for a fourth franchise, Network SouthCentral, are due in by March 11.

The other bidders for East Coast InterCity are understood to be Stagecoach, the UK bus group; the National Express

Railtrack, the company responsible for railway safety, is preventing the introduction of new trains on Britain's rail network because of the complexity of its approval system, said Mr Roger Salmon, the rail franchising director. Five types of new train are in storage because they are waiting for clearance from Railtrack while older rolling stock, which would not meet today's higher safety standards, continues in use, rail experts said. "No substantial amounts of

long-distance bus company; and Sea Containers, the shipping group.

Sea Containers is bidding for a 12-year franchise and plans to improve the quality of customer service. It has been looking at the introduction of tilting trains, enabling faster journey times without costly track work, but is believed to have shelved this idea. The

new rolling stock will be ordered for the UK until manufacturers and financiers are given certainty about the system for obtaining safety approval." Mr Salmon told the Institution of Mechanical Engineers' annual lunch.

Manufacturers needed to know that new train designs would meet the latest safety standards but at present the system was one of "build it first and then - in our own time - we will tell you if we think it is safe," he said.

management team plans joint ventures with BT, Nestlé and Shepherd Design & Build - a York-based construction company - if its offer is successful. These companies would not, however, be equity partners in the bid.

Equity partners in the bid are 3i, the largest UK development capital company, and Compagnie Générale d'Entre-

prise Automobiles, the transport subsidiary of Compagnie Générale des Eaux, the French utility.

In a separate development Mr Roger Salmon, franchising director, said that 19 organisations had registered an interest in bidding for two more franchises, South Wales & West and Cardiff Railway. Most were keen to bid for both franchises. Applications had come from big companies in Britain and elsewhere and from management teams.

● Tarmac Construction has bought the Central Track Renewal Company, the third of the national network's infrastructure maintenance companies to be sold. Central, which is based in Birmingham, has annual turnover of £40m (\$61m). The value of the deal was not disclosed.

Central is the first of the 13 infrastructure companies which have been put up for sale to go to a trade buyer.

UK NEWS DIGEST

'Stop-loss' dispute to end soon

LLOYD'S, the insurance market, is close to resolving a dispute over an important part of its recovery plan. The development comes as Names are this week given first statements on the cost of drawing a line under their Lloyd's affairs. A deal is near on whether "personal stop-loss" insurance policies, taken out by Names to protect against big losses, will help towards the cost of establishing Equitas - a giant reinsurer company that is planned to take over billions of pounds of outstanding US pollution and environment claims.

Equitas should allow Names - individuals whose assets have traditionally supported Lloyd's - to sign a final cheque and quit the market. Lloyd's will on Friday post "indicative statements" on the cost to individual Names of its recovery plan. These will include the Equitas costs and the amounts individuals will receive from a £2.8bn (\$4.3bn) settlement offer to loss-making and litigating Names. On stop-loss, Lloyd's is believed to have persuaded the policies' underwriters to accept a package under which Equitas bills would be covered. Sir Michael Bunbury, chairman of the PSL Policyholders Association, said: "The impression that I get is that they are 'carrot and stick' the PSL underwriters to go along with their proposals." About 24,000 Names have stop-loss policies, but 80 per cent of the cover was underwritten within Lloyd's.

Ralph Atkins, Insurance Correspondent

Fraud office may hire image consultants

The Serious Fraud Office is considering employing a public relations company to polish its image following a string of high-profile prosecutions which resulted in either acquittals or minor sentences. The SFO said it had held preliminary discussions this month with Profile Corporate Communications, a London-based company which in the past has represented the charity Crime Concern, the Independent Radio Group, and the National Association of Pension Funds. Following personnel changes to its information office during the

past 18 months, the SFO is thinking of bringing in the consultants to try to boost its image in the City with a more carefully targeted and streamlined marketing exercise. The SFO faced a renewal of half its staff in January with the acquittal of all defendants in the Maxwell trial. Jimmy Burns and Norma Cohen

Regulator fines Lehman Brothers \$122,500

Lehman Brothers, the US investment bank, has been fined \$20,000 (\$122,500) by the Securities and Futures Authority, the UK financial markets regulator, for poor record-keeping and internal procedures in its dealings with the late publishing magnate Robert Maxwell. An SFA notice is expected to be published today, detailing the results of the investigation it launched two years ago into Lehman's acceptance of assets from the Maxwell group pension funds as security for loans to two Maxwell-related companies. The fine is only half what the SFA demanded from Goldman Sachs for its dealings with Maxwell, and far smaller than the £750,000 inflicted by the Investment Management Regulatory Organisation on Invesco over its Maxwell involvement.

George Graham, London

Ban on homosexuals wins support in forces

Most members of the armed forces believe that ending the ban on homosexuals in the forces would be bad for discipline and morale, said Mr Michael Portillo, defence secretary. A survey about to be published will recommend keeping the present ban, he added. "People are working in a situation of absolute trust," said Mr Portillo on BBC Television. "They need to know that they can trust one another, and this would create such a complication that the armed forces themselves believe that they could not then retain their fighting power, their trust, their morale."

PA News

Accountancy Standards board is caught between large power blocks

Swashbuckler storms the gates

By Jim Kelly,
Accountancy Correspondent

Ernst & Young, led by its swashbuckling senior partner Mr Nick Land, has stormed the gates of the Accounting Standards Board. An E&Y paper attacked the future direction of UK accounting as laid out in the board's draft Statement of Principles - recently published for consultation. The firm implied that the board had been hijacked by academic theorists bent on revolutionising UK accounting while a largely apathetic financial community looked the other way.

The E&Y paper is the work of Mr Ron Paterson and Mr Allister Wilson - two of the three authors responsible for the UK Generally Accepted Accounting Practices. This time is the standard work on the subject. Both are partners at E&Y. The firm, under the new leadership of Mr Nick Land, has given itself a name for "rocking the boat".

On the other side of the argument we have the ASB. Led by Sir David Tweedie, he has recently accepted a new term as chairman of the board which will take his leadership into the 21st century. Until last Thursday it was difficult to find anyone who thought he was doing a bad job.

The E&Y paper was an attack on what UK accounting might become under Sir David.

It alleges that the board is quietly putting in place an agenda to replace historical costs with current values in order to give the balance sheet pre-eminence over the profit-and-loss account, and to chart the wealth of companies from year to year so that accounts can be used as decision-making tools.

But Mr Paterson has said all this many times. What is different this time is that the firm felt the need to make the attack in a highly public way and thereby to criticise the standard-setting process. The argument runs that the board smolders dissent and, abetted by much of the rest of the profession, seeks to keep the standard-setting process at a low temperature. Unless met by overwhelming opposition, their argument goes, it pursues its own agenda.

Those who support E&Y say that generally some more "sunshine" should fall on the standard-setting process. Adverse responses to draft standards could be publicised, for example.

It is pretty clear from the

public record that Sir David thinks accounts should do more than record transactions over the past year. In lauding the virtues of the Operating and Financial Review - the new, and popular, narrative analysis section which the board wants companies to print in the annual report - he says: "This is financial communication rather than mere financial reporting."

A fundamental flaw in the E&Y paper, according to the board's defenders, is its attitude to the wider international scene. E&Y claims that on the one hand the ASB's framework "does not resemble that used in any other country..." but later that "it bears some similarities to equivalent frameworks being developed in other countries".

For many this is the heart of the matter. The board's priority is to maintain the UK's influence in the development of international accounting. This is not a secret, but the conclusion of the board's progress report for 1995. This priority has emerged in the recent past and is now the board's guiding star.

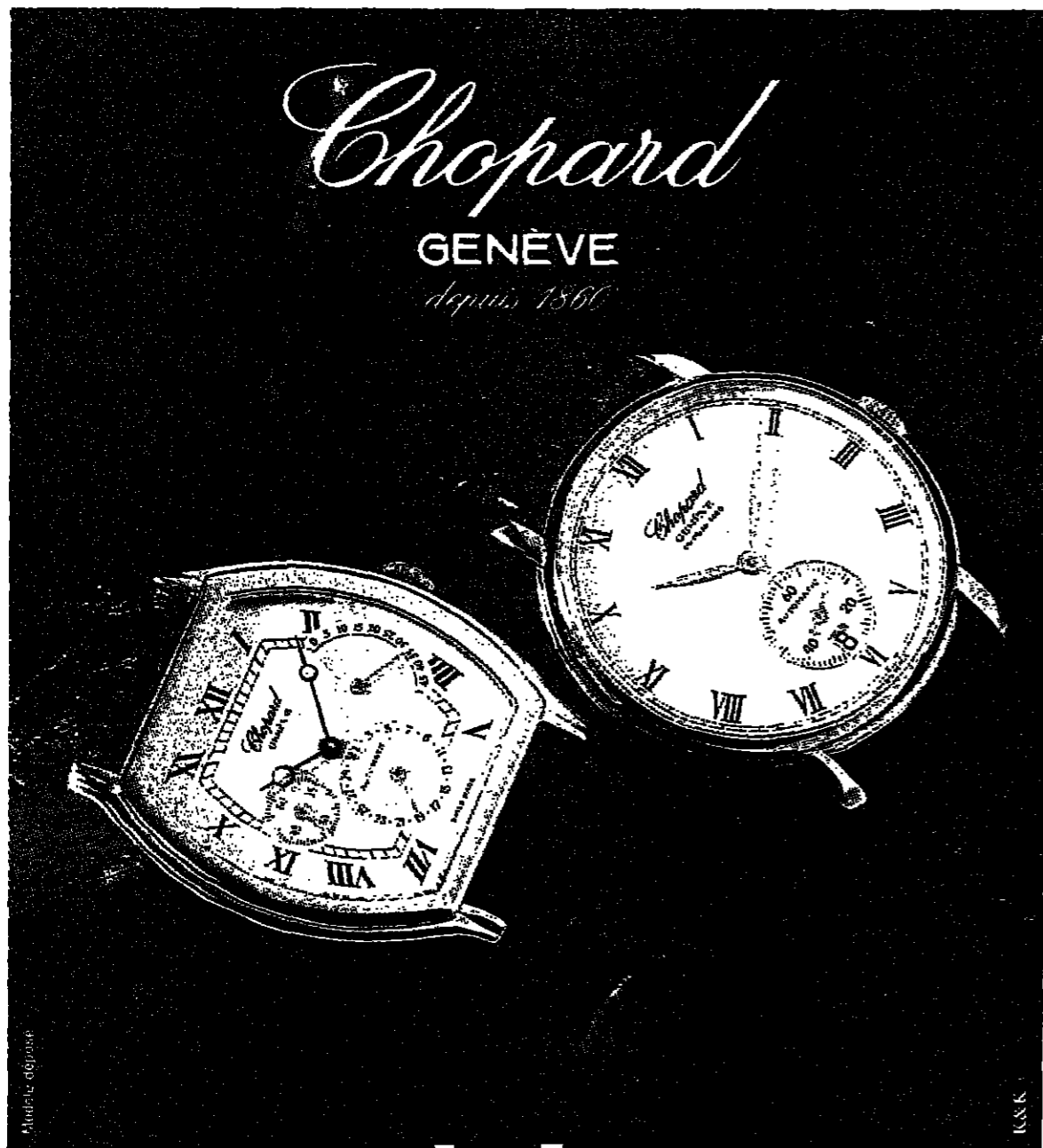
Arguably the three most powerful figures in the development of a global code in accounting are Mr Jim Leisnering, deputy chairman of the Financial Accounting Standards Board of the US, Sir Bryan Carsberg, director

general of the International Accounting Standards Board, and Sir David. The UK cannot afford to be out of step.

The board is caught between several large power blocks. On the one hand the economic influence of the US dictates a leading role for the Financial Accounting Standards Board. Sir Bryan's growing influence has been fuelled by the backing of the European Union. The planned endorsement of international accounting standards by the world's securities regulators in 1998 will add further weight to what is becoming an unstoppable bandwagon.

The board believes its framework of principles gives it an agenda in step with the other great powers - and in some important respects one which anticipates developments. As future standards will spring from these principles it follows that the UK will often find itself either ahead of, or in line with, developments leading towards harmonisation.

Without harmonisation companies would have to prepare two sets of accounts if they wished to raise overseas capital - analysts would not be able to understand, or possibly even believe, what they read in UK accounts. Second, the more out of step the UK is the less leverage it will have to preserve, if only in part, its own distinctive code.

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Row brews over pace of energy reforms
Britain's gas and electricity industries are on a collision course over the pace at which competition is being introduced into the two sectors...

Battle for baguette supremacy

It is hard to imagine a UK government accusing Tesco, Sainsbury and their ilk of selling too cheaply, and so tightening its legislation governing the distribution sector so that some supermarkets say they will have to raise prices of their main products by 3 to 8 per cent.

But that is what the French government did last week. It announced it would tighten a 1988 law so as to clamp down on aggressive discounting and redress the balance of power which it claimed had shifted too far towards the large retailers - the grandes surfaces - and away from their suppliers and shopkeepers.

It was another sign of the tendency of French governments to regard competition not as a natural state of affairs, but as something requiring regulation and re-regulation.

The tide of complaints against the supermarkets has been rising for some time, but it might never have reached flood level if the

supermarkets had stayed out of baguettes. Frequently using industrially made frozen dough, some supermarkets have been selling baguettes for less than FF1, or one-sixth of the price charged by many local boulangeries. Some 5,000 of the latter took to the streets of Paris last spring to complain.

Last autumn, small shopkeepers in Bordeaux also vented their frustration at high taxes (for which they blamed the government) and declining sales (for which they blamed supermarkets) by smashing up part of the centre of the city, whose mayor happens to be Prime Minister Alain Juppé. President Chirac has always had an open ear to the classic Gaullist constituency of small business and farmers, who feel that supermarkets have depressed prices for their produce.

DATELINE
Paris: the French government has moved to prevent the supermarket giants from indulging in predatory pricing, writes David Buchan

Indeed, some of the supermarket chains feel they get better treatment from the left, which saw the grandes surfaces as generators of jobs that would be filled by people more likely to vote socialist. The

presidents of two such chains, Auchan and Promodes, are being investigated for allegedly bribing a socialist on the committee responsible for granting planning permission for new supermarkets.

So, the French state has now done a U-turn. Having once encouraged supermarkets' development in the 1970s and 1980s as part of a counter-inflation strategy, the government is now confident enough of low inflation to allow a change of tack. It is planning tougher definitions of predatory pricing and tougher means to prevent supermarkets indulging in it.

The supermarket chiefs have reacted angrily. Daniel Bernard of Carrefour, who ironically received from the hands of the prime minister the Nouvelle Economiste magazine's prize of Manager of the Year for 1995, claimed that, unable any

longer to pass on special rebates, Carrefour would have to raise the prices of its 500 main products by 3 to 8 per cent.

Of course, bread poses a special problem in France. Not so much because of its place in the French diet, but because the stuff goes stale within a day. This requires daily trips to local boulangeries - many people cannot get to out-of-town hypermarkets that often.

The government ceased regulating the price of bread nearly 20 years ago, but boulangeries still have to get permission for their summer holidays from the local préfet whose job is to ensure a rota whereby every quartier has at least one boulangerie open all year. My local boulangerie grunts whenever the préfet lets her to stay open in the dead month of August. Yet, in virtually all other prod-

ucts with a longer shelf life, the retail chains have come into their own. These supermarkets have not been forced on the French people, who now buy FF1,000bn worth of goods from the top 10 distributors. Some of these hypermarkets are colossal - the 1,000 largest average 5,700 sq m. They have diversified internally - Carrefour is the country's biggest seller of micro-computers, while Leclerc claims to be the second biggest seller of books - and externally, by setting up subsidiaries selling lower quality goods at deep discounts.

Naturally, many small shopkeepers have suffered while the Félix Potin chain of small shops has just gone bust. This long-established chain of some 1,300 shops, mainly in the Paris area, was an interesting attempt to combine the economies of large-scale central purchas-

ing and the friendliness of local corner stores. But recent mismanagement has made its prices anything but friendly.

Almost the only segment of this sector which seems to be growing is the shop run by north African immigrants, shops which stay open all hours. While French law restricts opening hours, it does not apply to the employment of family members, so labour inspectors generally leave well alone.

The success and popularity of French supermarkets is something which their government and smaller rivals are having difficulty coming to terms with. In a similar way, France is finding it hard to credit the foreign fruits of its greater competitiveness. Despite the fact that France's trade surplus has been rising for several years, reaching a record FF160bn in 1995, many of its citizens are still moaning about "mondialisation" of its economy, and its dire effects on them. Some people are never happy...

Talking softly, and carrying a big chip

Charn Uswachoke has guanxi, writes Ted Bardacke

It is surprising to hear a man who speaks so softly talk so big. Yet what Charn Uswachoke, the driving force behind Thailand's Alphatec group of companies, lacks in charisma he makes up for in guanxi - connections that make his goal of turning Alphatec into the world's largest semi-conductor manufacturer seem attainable.

Along the way, the 51-year-old Charn is single-handedly yanking Thailand's electronics industry into the upper echelon of high technology: the manufacture of silicon wafers, the raw material needed to assemble computer chips.

Alphatec's 10 companies already control about 10 per cent of the world's semi-conductor market, and with four new plants - including a recent \$1.2bn (\$700m) joint-venture with Texas Instruments - to come online by 1998, Charn hopes to outpace his Asian rivals and achieve \$5bn in turnover by 2000.

Thailand's rapid progress in 10 years from a simple assembly base for consumer electronics to a place that hopes to rival Taiwan and South Korea in chip manufacturing is unlikely to have happened without Charn.

But it almost never happened at all. After 11 years in the US, Charn returned - unemployed - to Thailand. He had no grand vision of building an electronics empire. He returned because his mother called him and told him to do so. "For many years I stay alone, cook for myself, do my own laundry - do everything by myself," says Charn of the 1970s, which he spent bouncing around jobs at several well known US electronics companies after earning his MBA in finance. "I couldn't take it anymore."

In many ways, Charn still operates alone. Working from his modest headquarters in Bangkok -

Alphatec occupies only half a floor in a nondescript building slapped on the top of a shopping mall - Charn is neither a hands-on engineer nor a financial wizard.

Instead, knowing both worlds, he specialises in marrying Sino-Thai capital to western technology and expertise. A classic Thai facilitator, Charn is flexible and modern enough to give the Americans who run his businesses freedom to innovate, yet at home with the old ways of Thailand's big Chinese families, who are his backers.

Many of Thailand's high-tech companies, such as Shinawatra, Loxley and TelecomAsia, have used this formula with great success. But Charn has taken it to an extreme. The names on Alphatec's board of directors, such as Wanglee, Boonsong and Phornprapha, read like a list of Sino-Thais who control important areas of the economy, including banking, finance, car making, property, trading and food.

Yet Alphatec's top dozen executives are all westerners: former colleagues and competitors of Charn. Their resumes sport names such as AT&T, National Semiconductor, Philips, Cypress Semiconductor, Texas Instruments and Fairchild Semiconductor.

Semo maintains that "this is all for Thailand." The chairwoman of Alphatec, Waree Hawanonda, is a former director of commercial bank supervision at the Bank of Thailand, the most venerable of Thai government bureaucracies. Outside Alphatec factories, Thai flags fly prominently. Royalty lay new corner stones.

Remarkably, Charn, a Sino-Thai, does not come from a prominent family. His birth was not attended by big-time business connections. He had to cultivate them. His first big break was in 1988, when he got

an introduction to the Wanglee family, not known for venturing into risky businesses, and used it to take over the Thai operations of Signetec from the Dutch Phillips.

"I got an introduction through a friend of mine who was an executive at their bank," he says. "They didn't understand the electronics business well and they also are very conservative. But they looked at me and trusted me and believed in me."

Now unabashed about the informality of Sino-Thai banking relationships, Charn says he describes a project, explains how it will make money - and everyone smiles in agreement. "The details," he says, "are left to other people. They are just a formality. In principle they have agreed to lend to us and in Thailand we keep our word, our promise. Some people might have a problem with the banks but you have to get to know the people at the top level and then it's easy. We do business here from the top down."

Despite concerns that he may be over-extended - debt at the Alphatec group will soon be larger than equity - Charn has always kept his word. Bankers are knocking on his door. Thailand's two largest banks, Bangkok Bank and Krung Thai Bank, along with the government-affiliated Industrial Financial Corporation, each offered to put up the entire \$800m Charn needed to finance his portion of the Texas Instruments plant. Charn split the financing equally among the three.

The TI plant will be Alphatec's second wafer production facility. Earlier in 1995, the company broke ground on a \$1.5bn fabrication plant, called Submicron. Two more are on the way. All will be in Alphatecopolis, Charn's high-tech production and research centre, roughly twice the size of Taiwan's

PEOPLE



Charn Uswachoke: hopes to outpace his Asian rivals

famed Hsinchu science park. All this will be added to Alphatec's existing capacity in integrated circuit (IC) manufacturing, packaging and testing; a new IC facility in Shanghai; the telephone equipment assembly business which Alphatec bought from and runs for AT&T; machine tool and plastics support companies; and the former US operations of Indig Electronics and Digital Testing Services - high-value, low-volume assembly, test and research operations in California's Silicon Valley.

Together, these businesses will allow Alphatec to do what no other company can: produce customised chips seamlessly within one operation and cut normal cycle times (of 20 weeks) in half. Along with the financial doom-sayers who do not understand Charn's relationships with the banks, his biggest detractors are those who cite Thailand's chronic shortage of skilled labour as Alphatec's main obstacle. In fact, Charn is using his own experience to solve this problem by recruiting educated

This like himself who have settled overseas but would like to return. "There aren't a lot of them, but there are Thais with PhDs working at TI, Motorola, Intel. I say let's recruit them. I am an example for those people about what can happen if they come back. And they want to come back to make it happen in Thailand," he says.

Others criticise Charn for not breaking with the Thai development model, which, because it relies on foreign expertise, is limited in its ability to generate new ideas and products. Charn accepts that the structure he has created is nothing new, but says it has mould-breaking potential. "We have to go step by step. Ten years ago the industry didn't really exist in Thailand. We don't have the people now. So the first thing is to become a production centre and bring in expatriates. In the longer term, we have to start to work with the schools. Then we can innovate. It can't happen all at once."

Charn wants to make it happen as swiftly as possible.



PepsiCo trembles on lip of a fresh Enrico era

A change of leadership is a rare event at PepsiCo, the US soft drinks, snacks and fast food group. It has had only two chief executives since it was founded 31 years ago, reports Richard Tomkins in New York.

So Wall Street has been pondering the announcement that Roger Enrico is to succeed Wayne Calloway on April 1. Calloway, 60, has a reputation for a steady, low-profile approach, preferring to delegate responsibility. Although the group has grown strongly under his leadership, he has never cut the same dash as, say, Roberto Goizueta, the chairman and chief executive of Coca-Cola.

But Enrico, 61, head of PepsiCo's fast-food restaurant division, is an aggressive, hands-on manager with a flair for innovation and marketing. In the 1980s, when head of the soft drinks division, he took credit for forcing Coca-Cola into its disastrous launch of New Coke - later writing a book, cheekily entitled *The Other Guy Blinded: How Pepsi Won the Cola Wars*.

Enrico then transformed PepsiCo's snacks division into a world sector leader. Most recently, he has made good progress in turning around the troubled restaurant division. Last year, its operating profits jumped 19 per cent to \$387m (\$583). Predictably, PepsiCo is playing down the prospect of radical strategic changes. But, given Enrico's background, it will be surprising if

he can resist taking close interest in PepsiCo's soft drinks business. Coca-Cola, watch out.

Hostetter and the mass-market heavies

Amos Hostetter, co-founder of Continental Cablevision, has been recognised for 30 years as a rose among the thorns of the US cable TV business, writes Christopher Parkes in Los Angeles.

After last week's \$10.8bn merger with US West, the regional Baby Bell telephone group, he will be enmeshed in the densest thicket. From running an independent, tight-knit, 4.2m-subscriber operation with a reputation for socially responsible and prompt service, he is now a prime mover in a network that embraces US West's cable partner, Time Warner, and has close links with Turner Broadcasting Services and Tele-Communications Inc.

The unruly grouping - which includes the colourful Ted Turner and TCI chief John Malone who once said he would like to shoot the top telecoms regulator - has cable connections to 30m US homes.

There are striking contrasts between the mass-market heavies and Continental. In New Hampshire, where it leads the market, for example, Continental has provided all schools with free connections to a classroom network cable, allowing more economic use of scarce teaching resources.

The wider cable industry, preparing to compete with the marketing-led telephone carriers, has much to learn from such good citizenship - and also about what Hostetter last week described as "a new world... a totally competitive communications environment."

Like his competitors, he had seen change coming. "It will take three or five years after a rewrite of the Communications Act for the changes to become clearly apparent," he said last year.

In the event, they became crystal clear last week. The plus side was someone save value in telephony by cable, said Marc Nathanson of Falcon Cable. And the negative side? "The idols and pioneers of my life are selling out."

Advertisement for Cumbria: It's not just the wide open spaces that attract advanced technology to Cumbria. It's the breadth of our business package. Includes contact information for Cumbria Marketing Initiative.

Advertisement for Stephanie Flanders' Economics Notebook: Reducing the debt burden. The world's largest industrial democracies will, in the next few weeks, attempt to solve an old-fashioned problem - how to stop the world's poorest economies from slipping even further. Includes a bar chart showing long-term public debt of heavily indebted poor countries from 1980 to 1994.

MANAGEMENT

Peter Aspden finds today's leaders are encouraged to learn elusive arts rather than scientific skills

The new manager, boldly going...

Managing a business used to be a straightforward affair. But today's practitioners are under assault from psychologists, philosophers and a variety of other unlikely gurus.

The latest in a series of bewildering books about how to succeed in life and business takes its cue from the late 23rd century. *Make It So: Leadership Lessons from Star Trek* purports to be a first-hand memoir of the adventures of Jean-Luc Picard, captain of the USS Enterprise. It is mildly entertaining and wildly improbable.

But it is also meant to be a serious text on leadership. "While the past affords us the opportunity to learn many useful lessons... we can also gain insight for today by giving some thoughtful consideration as to what lies ahead for us," pontificate the authors, Wess Roberts and Bill Ross. And what better insight than to imagine life on board a spaceship with an android, a Klingon and assorted interplanetary misfits? If you are taking it all too seriously, you need *How to Make Work Fun*. David Firth's raucous collection of tips on how to bring a smile to your work-station. "Disclaimer: There are two lies in this book. This is one of them," he starts winningly. And then some serious fun. Firth urges us to steal pencil sharpeners ("ultimately futile, but strangely satisfying"), Blit-zack graze to the toilet walls, and take Polaroids of colleagues "that show just how silly they look when they are concentrating hard". All this to support his core ideas: "Work is crazy; work is scary; work should also be fun".

Then from the world of sport there is Will Carling, England rugby captain, favourite of the gossip-columnists and, now, self-styled management guru. Carling's recipe as he extrapolates lessons for top managers from his experiences on the field in his book and tape, *The Way to Win: Strategies for Success in Business and Sport* - is always have a vision, and you will win in business just as in sport.

As the above examples show, the idea of management as a set of learnable, scientific skills is less pervasive in the eclectic, intellectual climate of the 1990s. Management books and courses are proliferating, each offering its ostensibly unique - and sometimes bizarre - insight into the elusive arts of business and commerce.

But if managers of the 1990s have never been offered such a rich - and eclectic - diversity of theories, the question remains as to whether they are any use.

George Bain, principal of the London Business School, has observed the trend taking root in academic circles: "The management field is characterised by fashions, which have different lifecycles. When management education got going in the mid-1960s, it was seen as a science with testable hypotheses. Now it is seen much more as an art. There is an emphasis on the 'softer' skills, or what people call the 'touchy, feely' stuff."

Although Bain resists the suggestion that soft skills are a soft option - "you could argue it is more difficult to teach people how to become good communicators or how to improve their interpersonal skills" - the changing view of management has allowed any and every theory to flourish.

Today's management gurus stress the challenges posed by a rapidly changing world and people's ability to respond to it. Flux, flexibility, creativity are the new buzzwords; there is little room for the quiet accumulation of technique which used to characterise the subject. "Traditional business strategy used to be all about how to



position yourself in the market. Now it is about action, about being able to cope with whatever the world throws at you," says Bain. Many best-selling management authors tap into this feeling of uncertainty to produce their flighty remedies. Tom Peters, warning in his theme in his *Liberation Management: Necessary Disorganisation for the Nineties*, writes: "If you don't feel crazy, you're not in touch with the times! The point is vital. These are nutty times. Nutty organisations, nutty people, capable of dealing with the fast, fleeting, fickle are a requisite for survival... If the marketplace has 'turned ephemeral' on us... then we must turn ephemeral, too."

Peters and his fellow epiphanists borrow liberally from current affairs (Francis Fukuyama's "end of history" thesis), science (chaos theory and fuzzy logic), philosophy (the displacement of "truth" implied by post-modernism) and even feminism (the championing of "soft", intuitive skills over cold, intractable logic).

The result is to portray an unconfident world in which confusion reigns. What, therefore, is the point of teaching skills and techniques that could be redundant tomorrow? Better to reform your personality (more borrowing here, this time from the vocabulary of psycho-analysis and self-improvement) to enable you to deal with the

ever-changing demands of the new world.

Even if you avoid the new wave of literature because you find it puzzling, you may be sent on a management course by your employer. Courses, too, were traditionally conceived as a supplement to add new skills. Nowadays, you could find yourself crawling on a carpet building Lego bridges; assembling a tent while blindfolded; being woken unexpectedly at 6am and asked to compete in an outdoor pursuit.

Alan Howard, a chartered psychologist for CPCPR, a management training company, says unusual outdoor exercises can help people who work together to see things in a fresh way. "They are partly bonding exercises, partly a chance to discuss real business issues at the same level and free of interruptions," he says.

But even at the most intense level of management training - the full-time MBA - things are changing. Here one finds a more considered, but no less radical, re-evaluation of what it is to be a business manager in the late 1990s.

Eric Brys was appointed dean of the MBA programme at France's prestigious HEC School of Management in 1992. He set up a syllabus that included sessions on art and philosophy. Now, managers are given lectures on medieval painting from specialists in the Louvre. They have the option -

taken up by all participants this year - of spending four days in a Benedictine monastery to discuss business ethics with the monks and a senior executive.

Brys says: "I was worried about the traditional approach to business ethics - here is a dilemma, here is a solution, just like any other business decision. And a business school is hardly a neutral place." So he set up the monastery retreat with the help of two monks who were HEC alumni.

He believes the true education of business people must be as broad as possible. "We take people whose average age is 23, who already have professional experience; they may have a family, and they are breaking their careers for 18 months, which is a big step. So our aim is to give them ideas from fields that apparently have nothing to do with management."

He does not believe this represents a retreat into gobbledygook or intellectual faddism; rather the reverse. "We always aim to take a long-term view. By introducing environmental, ecological, ethical dimensions, we want to train the students to understand what the marginal cost of anything is to mankind."

"If business people are going to make important decisions about the future, they need a cross-sectional view. Then, they can do what they like - that is politics. But they

must have no way of saying: 'I did not know'. We are trying to make people more responsible."

This more reflective, philosophical approach to management education is gaining currency even among the notoriously pragmatic British. Brian Baxter is director of Kiddy and Partners, a London firm of corporate psychologists whose clients include American Express, Hasbro International, Bass and the Automobile Association. His courses unashamedly espouse a "post-modern" view of management: that you have to deal with a world in which traditional beliefs are fragmented, there are a plurality of voices and, consequently, multiple approaches to strategy.

Baxter eschews simplistic notions such as Carling's sports metaphor for business success. He says managing people in business today more closely resembles the mounting of a theatre production: "People come together in short bursts, and then go away. It is a much more fluid notion than the old idea of the manager-coach in charge of a happy team, which makes many assumptions about the capitalist work-ethic."

He also lectures his clients on the famously difficult French philosopher Jacques Derrida, whose emphasis on "deconstructing" meaning has found many followers in fashionable parts of the academic world but few, as yet, in boardrooms.

But Baxter says his clients are fascinated rather than frightened by Derrida's ideas: "It is all about exploring areas at work which are not normally legitimised. It is helping an organisation realise that you cannot just impose male, Wasp (white, Anglo-Saxon Protestant) values in all your business dealings, for example. It is not just about allowing other values to emerge."

"Businessmen and women have a very practical reaction: if this is post-modernism at work, then we could do with more of it. They come to understand that we are not actually uncovering meaning in the world but we are making meaning in a messy, turbulent environment."

But there are those who remain sceptical. Clive Fletcher, head of psychology at Goldsmiths College, London, sees the flourishing of extravagant theories, as evidence of the insecurity felt by today's business world.

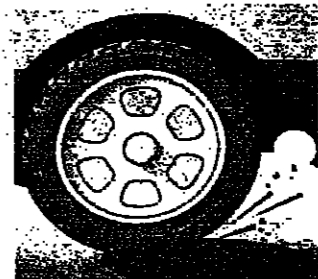
"There has been savage social and economic pressure over recent years. Many managers are now doing the jobs of two or three people. There is a desperate search for something to hold on to, a way of making sense of the world. But there is not going to be a single management style for the year 2000. There is no simple answer."

There is emphasis on innovation, but people only innovate from a basis of psychological security. There is lip-service paid to the 'long-term view' but all the pressures are against strategic and visionary thinking. Businesses still have to live in a world interested in immediate results.

"There is a big gap between what is being said and what can be done."

And what about those self-help manuals, the surging prose encouraging us to shed our anxieties and embrace the new world with a vigour we scarcely knew we possessed, the cerebral attempts to impart us with a new-found wisdom?

Fletcher is unimpressed. "Everyone in training and development has a vested interest in saying: 'Yes, you can re-invent yourself'. But the evidence is that, beyond the age of 25, your core personality attributes remain remarkably similar. We simply do not change and develop as much as we would like to think."



FAST TRACK

TecnoLogistica

When two Italian venture capitalists set about building a warehouse and distribution company they decided to think big. They suspected that volume would bring rewards in Italy's fragmented and under-developed market for integrated logistics services.

Fabio Sattin's Chase-Gemina Italia Directional Fund and Paolo Colonna's Schroder Venture Holdings set up a holding company called GLE in early 1992 after buying Astra and SLL, two warehousing companies in the Milan area. By the end of last year their group, renamed TecnoLogistica, comprised 28 companies and had become Italy's leading contract logistics company with a quarter of the outsourcing market and estimated 1995 turnover of L500bn (£210m).

TecnoLogistica believes that in winning warehouse and distribution business from large retailers in service industries, it has barely scratched the surface and is aiming at 15 per cent growth in sales a year. "We wanted to find an interesting market and approach it in a creative way," says Sattin. "The logistics sector was growing and companies wanted to contract out so as to concentrate on core activities."

Pirelli, the tyres and cables manufacturer, did this in December 1992 by selling to the newly established TecnoLogistica its Elntrasporta logistics activities and by taking a third of the equity.

At this point Alessandro Degiorgi, aged 35, was recruited as chairman from a subsidiary Pirelli was selling in Germany. "Two things attracted me - creating one company out of many with varied control systems and convincing customers to outsource."

Last June, TecnoLogistica, based at San Giuliano Milanese on the outskirts of Milan, notched up its 26th scalp by taking 51 per cent control of Romenielli, a trucks company with the receivers. Sales grew from L270bn in 1993 to L391bn in 1994 with about 60 per cent of the growth generated by acquisitions and the rest from new clients. The same pattern was repeated in 1995 but Degiorgi expects new orders to lead the way shortly.

TecnoLogistica estimates that 30 per cent of logistics services in the UK are contracted out, compared with only 12 per cent in Italy. "Companies are too small to offer what customers need in terms of adequate insurance, security and information on the flow of goods," says Degiorgi. "It sounds illogical but I should welcome a big competitor to create more demand."

Multinationals are not tempted to cover the whole of Italy because demand is concentrated north of Florence. Degiorgi estimates Italy's outsourcing market in logistics will grow from the current L2,000bn to L5,000bn over the next five years. He is targeting big retailers whose warehouses, he says, are too numerous and too small and who could save about 20 per cent of costs by outsourcing.

Degiorgi wants to add a dry foods division to an armory that is strong in electronics and especially healthy in the automotive industry which accounts for a third of turnover. He expects further acquisitions and a gradual merger of subsidiaries to prepare TecnoLogistica for a stock market listing within three or four years.

John Simkins

Exercised by etiquette in the gym

It was first thing in the morning and I was not looking my best. I was wearing a perished swimming costume and my hair was squeezed into a tight red cap. A few feet away was one of the FT's most respected columnists. He was not looking his best, either. "Hello," I said averting my eyes from his tiny swimming trunks and from his hair which was sticking out over the top of them.

Most people can cope with their colleagues in the familiar surroundings of the office. Men and women and seniors and juniors have all learnt how to exchange pleasantries by the coffee machine. But put the same people in the gym, take their clothes off, bathe them in sweat and it is a different story altogether.

The gym presents a serious problem of workplace etiquette. Many big companies - such as the FT - have corporate memberships at local sports clubs, while others have gyms of their own. Gyms are peculiarly egalitarian places: you are just as likely to find yourself next

to the chief executive on the step machine as to the office messenger. The usual hierarchy is gone, but in its place is an alternative one in which the fit lord it over those who look close to a coronary after two minutes on the exercise bike. It is all thoroughly embarrassing. What are you meant to do when you see your boss purple in the face, sweating away on the treadmill? Ignore him, or bounce up and say Hi!

For swimmers there is a salvation. At least half the people in the pool are partially sighted - either because their goggles have steamed up or because they have left their glasses by the side - so it is quite acceptable for the other half to pretend to be blind too.

In the gym (or so I am told by acquaintances who use it) the problem is worse, especially for women. Most women's gym clothes are entirely unsuitable: what is the point of going to all that trouble to dress professionally at work if you are then to parade yourself in scanty crimson Spandex?



Lucy Kellaway

Then there is the difficulty of choosing suitable reading matter to pass the time as you work away on the machines. Is it all right to be spotted reading Hello! if your colleagues seem to be diligently sweating up on a report or reading the FT?

The gym also introduces an unwelcome new area of competition into office life. Beware those colleagues who surreptitiously race you in the swimming pool, or who float over the fact that you are only on stage one of the Stairmaster.

One answer is to stop going to the gym. Failing that, keep your eyes straight ahead of you, think of Prin-

cess Diana and be thankful for small mercies. At least no one is trying to take your picture.

I am pleased to read that post the Scott inquiry into military equipment exports to Iraq, an extra dimension has been added to the whistleblower's parliamentary bill. Those who rat on their colleagues will be protected from victimisation so long as their disclosure is in the public interest.

It would be nice if the bill could be further amended to make it apply to the home as well as the

office. My husband has done something which I cannot condone, that is clearly against the public interest and may also be in contravention of local regulations.

He has installed an enormous silver satellite dish on the back of our house. He has offended against every management technique in the book: there was no consultation, let alone any attempt to reach a consensus. No meetings, no nothing. After the event there was no grievance procedure, no mechanism for dealing with complaints.

Reluctantly, I am forced to blow the whistle on him. If anyone is reading this in the conservation department at the local town hall, take note: the dish is visible from the street. Now I need protection. He is threatening retaliation, but so far all he has come up with is an illegal bonfire I had in the garden.

Last Thursday (February 29) we all worked for nothing. Luckily this

demoralising thought did not occur to me until the end of the day when I saw a fax from the union MSF urging all employers to give the £380 they had allegedly saved to a national training fund.

Why is it that labour has not managed to get an extra return on leap day? Capital has done it: the banks are charging interest for 366 days this year. If I were a member of MSF I would rather that my union dropped its fanciful suggestions and went back to the old fashioned - though in this case justified - task of getting more money for the workers.

ABB AB, ABB AG. These configurations of letters are the new names that have been chosen for respectively Asea and Brown Boveri. I could have sworn that they were two more of those tantalising brain teaser sequences that we have been running in our Mastering Management series on Fridays.

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MIT business students are learning how to deal in stocks and shares, says Victoria Griffith

Trading floor lessons

It's Thursday night, and the Massachusetts Institute of Technology's (MIT) MBA students are hard at work on the trading floor. Traders shout across desks and speak in hurried tones into their telephone handsets while stock prices from Far East markets flash on the computer screens.



Students at MIT practise for the days when they are Wall Street traders

The Sloan School hopes the trading floor will strengthen the ties between the financial markets and academia. To answer questions about how markets work, academics have in the past had to rely on financial firms to furnish the relevant information.

NEWS FROM CAMPUS

Schools vie for multinationals

Multinational companies which want to employ MBA graduates look equally to European schools and US ones, according to a breakdown of figures from the latest MBA Career Guide.

Managers positive over career prospects

Managers are having to do more work with fewer resources, according to the latest findings on management development from the Ashridge Management Research Group.

Financial wizards for Oxford and Paris

Oxford University's school of management studies has appointed a deputy director to take special responsibility for executive education. Rory Knight is presently dean and fellow in finance at Templeton College in Oxford.

Gifts galore from Chicago to UK

The graduate school of business at the University of Chicago has received its largest gift - a \$16m (£9.7m) donation from former MBA student Eric Gleacher.

Managers positive over career prospects

Managers are having to do more work with fewer resources, according to the latest findings on management development from the Ashridge Management Research Group.

CONFERENCES & EXHIBITIONS

MARCH 6 Hard Hitting PR - The Missing Link in The Marketing Mix. How to fully exploit PR to make a robust contribution to brand values, sales and the bottom line.

MARCH 7-8 Winning Development Bank Bids. A two-day executive level seminar on winning MBD-financed business.

MARCH 8 UK Housing Finance - Policy, Lenders & The Market. NCR Ltd, KPMG and CSPI sponsor this lively conference.

MARCH 13-14 Retail Week Conference. Administer technological and demographic change and increased internationalisation.

MARCH 13-14 Successful Turnaround Strategies. A unique seminar for non-executive directors, venture capitalists and institutional financiers.

MARCH 19-21 Foreign Exchange Market: Surviving the Revolution. Major international conference focusing on the state of the major changes which will affect the FX professional in the next few years.

MARCH 19-21 Corporate Credit Analysis. This course is for Lending Officers, Credit Analysts, Risk Managers, Bank Inspectors, Internal Auditors & Credit Managers.

MARCH 21-22 Investment Climate in Eastern Europe and FSU. PlanSov and DRUM/DeVos-Hill assess the investment climate in Eastern Europe and FSU.

MARCH 21-22 Practical Project Appraisal. This two day institution of Chemical Engineers course gives a detailed understanding of capital expenditure projects.

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MARCH 18/19 Introduction to Fund Management. Basic entry level training course covering the main asset classes, modern portfolio theory and how investment decisions are reached.

MARCH 19 International Short-term & Commodity Assignments. As companies expand internationally, so their requirements for expatriates and employees with international experience grow.

MARCH 19 Seminar For British Importers of Moroccan Quality Produce. Moroccan producers of fresh fruit and vegetables, canned veg, canned fish, cut flowers, will explain the trade opportunities arising from the EU and Morocco trade agreement.

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MARCH 19-21 Human Resources Development Week 1996. Meeting The Training Challenge. This is the premier event for everyone involved in training and development.

MARCH 20 & 21 FX & Currency Options. Delegates are likely to be those with little experience wishing to deepen their understanding of the basic mechanics of the FX Market & FX Options.

MARCH 21-22 Dependence Modelling & Risk Management. An intensive course considering ways to quantify and reason under uncertainty. Modern techniques for modelling the combined effects of uncertainty and decisions will be demonstrated.

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MARCH 26 & 27 Leveraging Knowledge for Sustainable Advantage. A two-day conference exploring ways in which companies can capture, share and exploit their organisational knowledge for breakthroughs in business performance.

MARCH 27-29 Marketing for High Technology Companies. A weekend course exploring the practical aspects of marketing for High Technology Companies. Looking at real life case studies and examples of best practice.

APRIL 18-20 & JUNE 8-9 Marketing for High Technology Companies. A weekend course exploring the practical aspects of marketing for High Technology Companies.

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APRIL 24 & 25 Managing Relocation. The UK's top annual relocation conference and exhibition covers a wide range of domestic and international relocation issues.

APRIL 25-28 Intelligent Systems for Finance and Commerce. Find out about the electronic decision making that shapes the financial markets.

APRIL 29 - MAY 1 Project Finance. The theory and practice of Project Finance, making extensive use of case studies.

JUNE 10-14 FIA/FOA International Derivatives Education Programme. This major conference from Survival! The Business Continuity Group will address issues of interest to all involved in building greater business resilience.

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SPORT / ARCHITECTURE

Showjumping's fall from grace

Keith Wheatley finds sponsors following a departed TV audience

The British Showjumping Association has just published its list of owners' winnings for 1995. Everest, a company that has dominated showjumping in Britain for nearly 30 years, was in eighth place with £97,502.

That doesn't sound like much money, and obviously the same thought occurred in Everest's boardroom, for it has lost its sponsorship of a sport that seems to be in rapid decline in Britain.

Top of the earnings list was Michael Whitaker, with £232,648. That sounds a fair amount of money, but looks less if you study the earnings figures in other sports.

Two good tournament performances on the European tour would not get a golfer that kind of sum, and he only travels with a caddy. An international showjumping rider must take to the road with a vast lorry, a string of horses eating their heads off, and several grooms.

Top showjumping stars Michael Whitaker and his brother John, as well as David Broome, have recently lamented the sad reality that, to stay solvent, a British rider must now spend the biggest part of the season competing in continental Europe.

Everest obviously took a hard look at showjumping's visibility in Britain - and didn't like what it saw. For a company that needs large audiences to sell a lot of double-glazing, it no longer made sense to spend millions each year on a promotional vehicle that was ceasing to function.

"In the heyday of showjumping on the Beeb [BBC], they were selling so much product through that exposure that they didn't need to advertise on commercial television," says a source at the British Showjumping Association.

With last week's death of legendary showjumping heroine Pat Smythe, Everest's decision may mark something of a watershed in the sport that has practically ceased showjumping as a professional sport.

"[Everest] has been a fantastic sponsor, and I'll be so sorry to see them go," said John Whitaker when the news broke. He was an Everest rider, along with brother Michael and Nick Skelton. The biggest worry for sponsors is the decreasing amount of broadcast time given to showjumping. The Horse of the Year show no longer has millions glued to their TV sets.

Indeed, the remaining fans are becoming vicerous. The letters page of the latest edition of the magazine British Horseracing, owned by members of the British Horse Society, contains an anguished plea from a Midlands reader asking the BHS to intercede with the BBC and get more horse sports back on television.

"First it was Horse of the Year Show, then less and less racing coverage, and now Olympia. I am worried that Badminton and Burghley [horse trials] will be next," wrote Karen Wright of Kings Norton. Last year's annual pre-Christmas show at Olympia in London had the strongest international field of competitors for some years, and was a sell-out in the grandstands, but the cameras stayed away.

In its defence the BBC replied tellingly: "One important factor we must bear in mind is that viewing figures for showjumping and programmes like the Horse of the Year Show have been falling for a long time now. If an event no longer receives support from the viewing public, we have to look very carefully at whether it can command such a high priority in our schedules."



John Whitaker on Milton: television is a paradise lost for showjumping

A decade ago, snooker clocked up massive ratings, but has since slumped. Yet that too reflects malaise. Young men now seem to opt for the smaller and simpler pool table.

This is certainly not the case with equestrian sports generally. Whether one looks at busy pony club gymnastics or the magazine racks at W.H. Smith, there is plenty of evidence that horse activities have never been more popular.

The problem may be TV's boredom with the traditional showjumping offering: a single horse racing the clock inside an arena.

Radicals such as Peter Lewis, a Kent breeder of showjumpers and dressage horses, believe that showjumping's format is dull and stale. He makes the point that if Lindford Christie and other sprinters were to run alone down a track and have their times compared in order to find a winner, the 100 metre sprint would not be the blue-ribbon event of international athletics.

Lewis has formed a company, called Revolution Show Jumping, to promote a new form of competition. Two horses enter the arena together and then peel off to either side to jump an identical sequence of electronically controlled jumps, before coming back together to race down the centre lane to a chequered-flag finish.

Traditionalist opponents of the scheme have sneered at it as "Gladiators on horseback" - a reference to the course, juggle, but hugely popular TV show that dominates the ratings both in Britain and the US.

"If any horse event could get half the audience of Gladiators, then as a sport we wouldn't be in this mess," says Lewis, who has sold his farm in order to invest £100,000 in Revolution Show Jumping.

He says: "I know the traditionalists in the equestrian hierarchy will oppose it. That's why I'm ignoring them and going out and talking to television producers in Japan and Germany, where they seem to be interested."

Cambridge gains an inspired library

Simplicity and use of natural light enhance the addition to Jesus College, writes Colin Amery

Some of the greatest rooms of the world are libraries. You only need think of the library by Sir Christopher Wren at Trinity College, Cambridge, or the Codrington Library at All Souls' College, Oxford, or Nicholas Hawksmoor to be transported into rooms of such dignity and refinement that seem to imply intellectual discipline as well as architectural order.

The Long Room at Trinity College, Dublin, sends the mind on a perambulation among volumes and columns designed to inspire elegant and elevated thoughts. In these early libraries there are always human presences, albeit in marble: dual benefactors gain from their association with solemn busts of Plato, Anacreon and Isaac Newton.

Today, no busts look down in the newer libraries in the older universities - but colleges still aspire to make their new libraries rooms of immense distinction.

Cambridge colleges, untouched by recession, continue to build for books as well as students. Newnham has added a vaulted room for rare books by Joanna Van Heyningen. St John's acquired new library space in a highly sensitive spot opposite the chapel where Edward Cullinan designed a successful and pleasing building. In the 1990s, Chamberlain Powell and Bon made a splendid vaulted library for their brand new college of New Hall.

Last week, Jesus College showed to the world its new college library - a competition-winning design by the architects Evans and Shalev. The college dates from 1436, when Bishop Alcock of Ely appropriated the Benedictine nunnery of St Radegund.

It has a remarkably spacious site and during 500 years has grown around its chapel and cloisters while keeping a sense of amplitude. Where to site the new library was a delicate decision, but the college had the

courage to build new at its very heart - in the shadow of the chapel and facing the Master's garden.

The plan is that in time the library will be part of a new court with 60 residential rooms and music and conference facilities.

The competition was held in November 1991 and the original eight entrants were reduced to two firms paid to proceed to the final phase. These were Evans and Shalev and Edward Cullinan and Partners. Winners Evans and Shalev began construction in September 1993. The library was ready in two years.

Evans and Shalev are a suc-

cessful practice. They have recently created two of the most successful smaller public buildings - the Truro Law Courts and the Tate Gallery of the West at Saint Ives. These have much in common with the library at Jesus College. The planning of the law courts, with ramped circular waiting areas and intelligent mixture of public and secure space, makes for a highly accessible but contemporary building. The library has just those qualities.

The brief required space for 125 readers and 40,000 books. Computer terminals and electronic technology were assumed. As in the older, agreeable college libraries, the decision was to have room for reading among the books. That ruled out stacks and readers confined to the perimeter. The competition rules were that scale, mass and materials should relate closely to the existing college.

The architects chose as their source and inspiration the

buildings that were added in the 1890s and 1830s by the architect Morely Worker. The underrated Forster worked on private houses as well as commercial or public buildings. His simple Tudorish buildings at Jesus were beautifully and bridge some awkward gaps. Indeed, they inspired the new library in scale and materials. Forster used Tudor light coloured bricks and stone and plenty of oak. Evans and Shalev responded by using the same brick for the library, with Cornish slate for the roof and French limestone.

But there is nothing Tudor about the style of the library. Its success lies in the highly controlled plan. In construction it is a simple steel structure with some load-bearing masonry. That accounts for the incredible cheapness of the building.

The library cost only £2.1m (£3.2m), including lavender blue carpet and all purpose-made furniture of elegant stained American ash. The college must be proud of such a sympathetic addition at such a reasonable price. It also fits brilliantly with the Forster Chapel Court buildings. You enter via a rotunda and take the stairs to the first floor reading room. The circulation works well. But the giant arched windows are slightly mannered. They allow ample light into the library but do not quite blend.

This is a highly pleasing new library for the undergraduates. It has an atmosphere conducive to contemplation, quiet and cool in its palette, using as much natural daylight as possible.

Evans and Shalev make the plans of their buildings work well. Within a tight budget they have produced double height spaces and a rotunda reading space that is inspirational. This quiet, very English extension to the ancient college is already much appreciated.

It is a tranquil and modest triumph.

CONFERENCES & EXHIBITIONS

JUNE 24 The FX Market: Trends in profitability and liquidity. Finance conference on the impact of structural changes in the foreign exchange market on liquidity and profitability, and the alternative business strategies adopted by banks. Issues include: attempts to capture liquidity through globalisation, fragmentation of spot FX by electronic trading, and the shift in the balance of power towards sophisticated users. Addressed by: John Simons, Citibank; David Gowers, Citibank; Mark of England and other leading practitioners. Chairman, Ian Lockart. Contact: Devina Murphy at Reuters. Tel: 011 242 3717.

LONDON SEPTEMBER 10 UK University/Industry Materials Research Exchange. A unique opportunity to talk to senior UK University, and to find out what materials research they are carrying out. If your company uses materials then your technical Director should be there. Contact: Mrs Beth Hains at International Convention Centre, Birmingham. Tel: 0121 863 6116 Fax: 0121 863 4290.

BIRMINGHAM INTERNATIONAL MARCH 12-15 SALMED - International Trade Fair of Medical Equipment. INTERMASZ - International Trade Fair of Textile, Clothes and Shoe Making Machines. The Large-4 organizer of trade fairs in Poland and one of the largest in Central/Eastern Europe. 15,000 exhibitors from 55 countries and 40,000 visitors in 1995. Contact: Pawan International Fair Ltd. Gygonska 4, 42-407 320 Poland. Tel: +48 61 97292 Fax: +48 61 1054.

MARCH 17-22 POLAND MADRID Natural Gas: The Commercial & Political Challenges. A concentrated five-day seminar/workshop which explores the core commercial and political issues and examines their political context. The content is designed for all those with current or future management responsibility in or connected with the natural gas business, both in companies and government departments. For further information contact: Anita Gardner, The Petroleum Group. Tel: +44 (0)1708 750000 Fax: +44 (0)1708 750000.

MARCH 19-21 European Banking & Financial Forum 96. Three days conference in which the Czech and Slovak Prime ministers, Mr Michel Camdessus - Managing Director of IMF, Bankstag President, EBRD Vice-President, OECD Deputy Secretary General, several central bankers including Sheikh Al-Sabah of Kuwait and Sergio Dubois of Russia, plus more than 400 top bankers and financiers from 180 countries discuss Europe and Global Financial World Challenges of the 21st Millennium. Contact: Tel: +42 2 55 14 85.

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Table with 4 columns: 12 month period, 6 month period, 3 month period, 1 month period. Rows include various financial metrics like 12 month period, 6 month period, 3 month period, 1 month period.

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

- TODAY Allied Domecq \$0.2282 Bangkok Bank 3 1/4% Sub. Conv. Bd. '04 \$32.50 Britannia Building Society 10 1/4% Bonds 2000 £1,050 Dewhurst 1.8p Do. A Non-Vtg. 1.8p Duxons 2.05p ENSERCH 0.05p Halifax Bldg. Soc. 10 1/4% Nts. '97 £103.75 Halifax 1p Lloyds Bank Sub. FRN. 1999 £17.89 Mazda Motor 6.4% Bd. 1999 Y640,000 Do. 6.4% Bds. 2000 Y640,000 Richards 0.93p Royal Bank Scotland 6 1/2% Bd. £26.25 Sarwa Fin Aruba Ltd. Sub. FRN \$327.33 Swebst 6 1/2% Nts. '03 \$32.50 Welsh Water 12.6p

UK COMPANIES

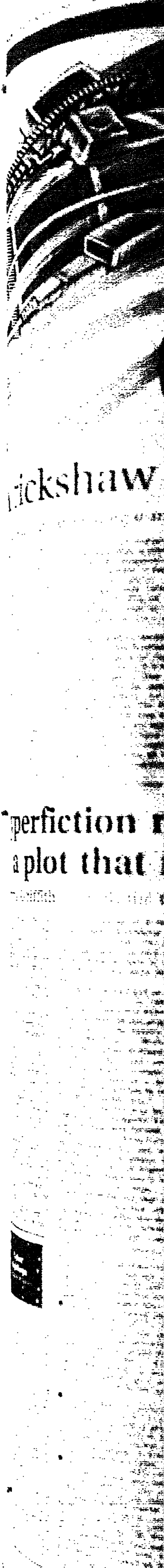
- TODAY COMPANY MEETINGS: Barr (A.G.), Kidsons Impex, Braconridge House, Sauchiehall St., 11.00 Eurocoy, Oulton Hall Hotel, Rothwell Lane, Oulton, Leeds, 12.00 Treat, Bedford Lodge Hotel, Bury Rd., Newmarket, 12.00 BOARD MEETINGS: Avonmore Foods BBA Group Beta Global Emerging Mkts. CRH Cementone EPT Group Fidelity Euro. Values Genet Cable Intrum Justitia Mackie Int'l. Perkins Group Relyon Group Smith & Nephew Interims: Close Bros. Cornwell Parker Hays Wetherston (J.D.)

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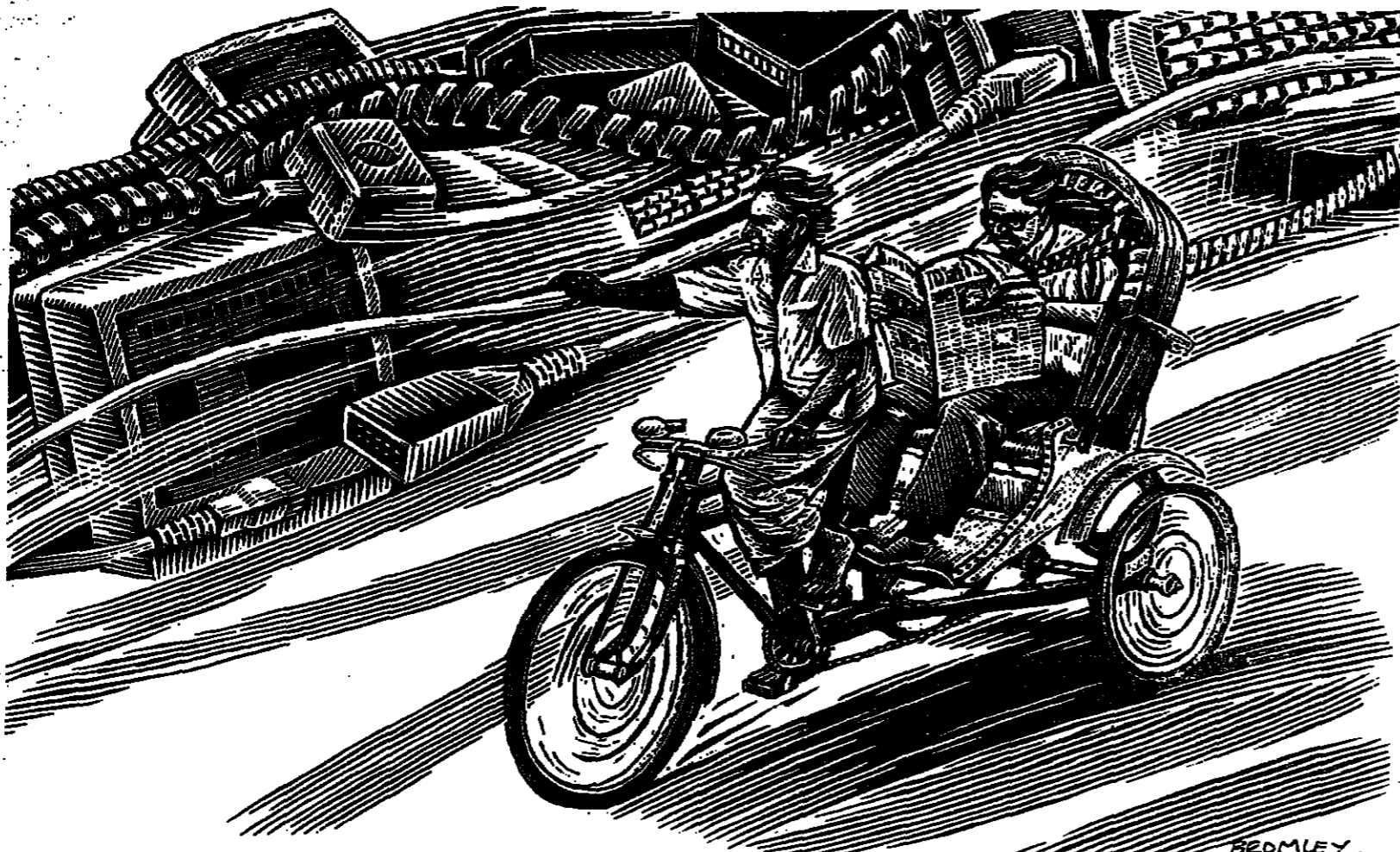
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MEDIA FEATURES



A rickshaw on the infobahn

Bengalis are downloading e-mail from Net to newspaper, writes Martin Mulligan

How can Bangladeshis enter the global village of computer networking without computers? Answer with difficulty. However, a curious partnership between electronic and steam-age media in Dhaka, Bangladesh's capital, serves - for the present - as a stop-gap. The Daily Star, an English language newspaper notable for its conservative design, now features a weekly page called "Live from the Internet". Bengalis, famous for their rickshaw driving, are diverting infobahn traffic on to the slip roads of print technology. The manifesto that heads the page spells out the idea. "The articles or posts - to use Internet parlance - published in this page come from the Bangladesh Internet news group called soc.culture.bangla-

[des](http://soc.culture.bangladesh) . . . In this newsgroup, Internet users from around the world, mostly Bangladeshis, discuss issues relevant to Bangladesh . . . The Daily Star reprints these posts verbatim (complete with English language errors) - just as they would appear on your computer screen. The page carries a disclaimer stressing that the Internet "is free from all sorts of censorship and restrictions. It is truly a people's forum" - thus nervously absolving the newspaper of responsibility for the opinions expressed. The Daily Star e-mails replies from readers back to soc.culture.bangladesh - and so the dialogue continues: an intriguing collaboration between an elite technology and a mass-market one. The choice of items is

designed to avoid upsetting different cultural groups. But the page can still be disquieting. A recent correspondence, headlined "The Human Laboratory: Who Cares if a Third World Woman Dies?", concerned a birth control study involving surgical implants for women in the slums of Dhaka. The same page carried other e-mail from Finland, Japan and Australia. Bangladesh is one of two countries in south Asia without a full Internet connection (the other is Bhutan). It is among the world's dozen poorest countries, with a population of 120m and an official literacy rate of less than 30 per cent. Although annual GDP per capita has risen to an estimated \$206 (£153), average wealth of the typical Bangladeshi has fallen because of wid-

ening inequality of income distribution. While the growth of newspapers in Bangladesh has been startling - there are nearly 1,500 registered newspapers and magazines - computer literacy is scarce in a country experiencing an information famine. Bangladesh has just six commercial Net e-mail providers; an electronic bulletin board system; and the Net news group soc.culture.bangladesh (a news group that is fairly humming in the wake of the country's recent election). The e-mail providers must make expensive long-distance telephone connections each day to a Net host outside Bangladesh, solely to download and upload e-mail. Bengali-language home pages and Islam-related discus-

sion groups on the Net are still at an experimental stage, although pioneering efforts are afoot, notably at the Ford Foundation. Some see The Daily Star's page as heralding the dawn of much wider Net awareness in Bangladesh. Others see it as pitiable hitchhiking on the global information highway. What everyone agrees is that the map of the world has been unceremoniously redrawn by computers. On that map, north America and Europe are hot zones with high per capita computer ownership, while the developing nations tend to be cold. But linking the Net to a mass-market non-computer medium, such as Dhaka's Daily Star, will at least raise Bangladesh's technological temperature by a few degrees.

Tim Jackson

Surest way to kill a bug is by spotlight



"Good morning, Nissan hot-line." "Oh, at last. I wonder if you could help me. I've got this terrible problem with the new hatchback I bought from you last week. Whenever I tune the radio to FM and switch the wipers on, I can't open the driver's window."

"Why not?" "Because if I do, the engine cuts out and the brakes fail." "One moment, sir. I'll look for information on the problem in our technical support database." (Text minutes of Chopin.) "Ah, yes. I'm pleased to tell you that's a known problem. We'll be rectifying it in the new model next September. Our advice to customers is to avoid opening windows while operating the wipers. Thank you for calling Nissan."

any other owners. But software houses cannot blame all their product problems on operating systems and microprocessors. Too many applications are hastily conceived, and market pressures encourage companies to release products containing so many flaws that they would never pass muster in any other industry. Software houses can get away with this as they do not have to take full responsibility. Users who cannot get a program working often wrongly blame themselves first. Those experienced enough to realise the program may be at fault can spend frustrating, sometimes expensive, hours calling technical help lines, and all because the design wasn't right first time. To be fair, times are changing. Microsoft, once the industry's biggest sinner, now bills its divisions for the cost of supporting their products - giving them at least some reason to make packages more reliable. The company spent millions of dollars on a vast outsourcing contract for its Windows 95 operating system, in which a handful of big computer companies were given the job of supporting users. Its latest products contain TipWizards - mini-programs that track what users are up to, and offer advice on how to do it better.

A more powerful force for change, however, may be a case that came before the New York Supreme Court a few weeks ago. Three owners of Leading Edge PCs sued the machines maker for failing to provide technical support promised in the warranty. If software users begin to take the same robust line - and courts to award class-action damages against companies that ship bug-ridden products - dozens of large software houses might suddenly take reliability more seriously. Yet there is much that could still be done. One option, already taken by Microsoft, is to make avail-

able on the Net a database of technical questions and answers. Many companies already have such databases, because their products are too complex for hourly paid support staff to know inside out. A good example can be seen at Netcom, the troubled US Internet service provider. Netcom posts questions and answers on its Web site. But it sorts them according to popularity so that customers can see the burning issues of the day, and can save time by reading the answers and applying them before they encounter the problem. Yet with larger programs, there are limits to what can be achieved by putting information online. I have used Microsoft's Knowledge Base to solve problems with Word - and both times the database's search engine failed to find the answer. What is needed is a radical change to the industry's approach to the bugs, instead of hiding their flaws. Software companies ought to see that it is in their long-term interests to list them publicly. Consumers know that a program occupying millions of lines of code is unlikely to be perfect; if they can look through a list of known bugs before wasting time trying to run something that can never work, they will be grateful.

There is a better response: write software that works and is truly easy to use. Examples covered in this column include PCN, the advertising-based news network, and AlphaBlox, the miniaturised suite of programs for Windows 95. The best case, however, is Intuit's Quicken for Windows. My experience is that this program is as comprehensible as any accounting package can be. When problems come up, the company has a support line where calls are picked up by real people who understand both PCs and accounts. It is sad that this should be so rare. Tim.Jackson pobax.com

Hyperfiction reader delights in a plot that never thickens

Victoria Griffith unravels the tangled threads of Patchwork Girl

The word "graveyard" catches my eye and I click on it. "I am buried here," reads the text on my computer. I click on the word "buried" to see what lies underneath and up comes a headstone with the inscription: "Here lies a head, trunk, arm . . . may they rest in peace (sic)." I am browsing through Patchwork Girl, a recent addition to the slowly expanding volume of narratives called "hyperfiction". Hyperfiction is written to interact with the reader. The text is composed in layers, meaning that the words have blocks of text behind them. Readers are supposed to absorb the story in any order that catches their fancy. One hyperfiction writer defines it as "chunks of text joined by electronic links". Hyperfiction authors - a small band of academic types - believe their work will save the written word in the world of multimedia. They hope the low overheads of publishing on the Net will allow them to reach their public at low cost.

"Literary fiction is dying," says Stuart Moulthrop, a hyperfiction author. "No one reads any more. To save the written word, we have to use the Net to access niche audiences." Hyperfiction emerged as an art form in the late 1980s. "One day, when I was writing, I realised that the paragraphs didn't have to be exactly in that order," says Michael Joyce, an English professor at Vassar College and early hyperfiction author. "I began to conceive the idea of a more fluid text, which could be read in many different ways." A main industry was born. The software company Eastgate Systems was formed in 1988 to publish hyperfiction on computer disks, and now has 26 titles. Yet despite the grandiose dreams of hyperfiction writers, many feel it will be a short-lived art form. Analysts point out that the World Wide Web and other multimedia vehicles are moving away from text, towards moving images and video.

Hyperfiction also faces intrinsic difficulties. While poetry or descriptive narrative adapts well to an interactive style, it is nearly impossible to present sophisticated plot-orientated stories via hypertext. "I was recently asked to do a demonstration of how a plot-orientated story could fit into hyperfiction," says Moulthrop. "And I was damned if I could come up with anything that worked." Some critics believe hyperfiction is too chaotic and difficult to get through. Reading text on screen is notoriously tiring, and the computer can sometimes get in the way of the story. Browsing in Patchwork Girl, I sometimes encountered a screen that said: "Storyspace has encountered an unexpected situation." Yet hyperfiction advocates believe its potential. Eastgate's publications are available on floppy disk only, rather than in compact disk form, which would allow for

more imaginative presentations. A true hyperfiction novel, say authors, would use the very look of the words themselves - the colour and height of the letters, for example - to convey meaning. Hypertext authors dream of being able to present their stories one day in three-dimensional form. German artist Jeffrey Shaw has already experimented with three-dimensional text with a virtual reality simulation that replaced the buildings of a city block in Manhattan with letters of the same size. Readers bicycled through the textual landscape, absorbing the feel and look, as well as the literal meaning, of the words. The longer-term success of hyperfiction on the Internet, however, may be determined by the willingness of cyberusers to read, rather than to absorb images. "It seems to me that the Internet is looking increasingly like television," says Moulthrop. "I fear that one day text will be shoved permanently off the screen."

Cyber sightings
● A massive effort dedicated to wiring each of the 13,000 schools in the state of California to the Internet takes place on Saturday, March 9 - Net Day '96 (www.net-day96.com). Sponsors, along with representatives of local high-tech companies and President Bill Clinton, are encouraged to contribute to costs or to help in the actual wiring up. There are now more than 11,000 volunteers and 640 corporate sponsors. A fine example of translating a virtual vision into direct action.
● One of the glitziest and most ambitious Web sites was launched last week when Disney set up its virtual theme park at www.disney.com, with information covering the whole range of the entertainment giant's activities. The highly active site includes

games, sound, and video clips. It has almost become my six-year-old's screen saver and is worth a look to see how huge resources can shape a site.
● Meanwhile, if you're planning a holiday visit to the real-life Disneyland, the 1996 California Bed & Breakfast Guide is available on the Web (www.innaccess.com) with searchable details of more than 800 vacation spots and stopover locations on the west coast. Very nice.
● Stock Data Corporation (<http://stockdata.inter.net/stockdata>) provides price and volume information for stocks and indices tracked on three US exchanges. A downloadable demo is available.
● America's Employers (www.americasemployers.com) describes itself as "the job seeker's home on the Internet" and is a good source of material if changing your career. Interesting and useful information. In the UK, Reed Personnel Services has links to other recruitment sites, for example www.jobsite.co.uk for IT, engineering and accountancy; or www.worknet.co.uk

for banking, law and management.
● Independent inventors and designers might find the Intellectual Property Creators' Site (www.best.com/ipc) interesting. It has about 50 pages of information on patents, copyright and design protection. Current, easy to browse data.
● For DIY-ers, the Polycell Products site (www.polycell.co.uk) has decorating tips and more than you probably ever wanted to know about wallpaper. You can win vouchers by sending them your own DIY tip. Better than actually painting the ceiling.
● International Financial Network (www.world-investments.com) is a source for information on real estate, investment and business opportunities; primarily in the US and Canada, but also expanding to include the rest of the world. In its early stages, but another quick-click listings option.
● Technoland by Flanders Technology International (www.flanders-technology.be) is a guide to the seven-day technology trade fair and con-

vention in Belgium starting April 15. Covers housing, working, production, communication and other areas.
● Details of the 66th International Motor Show, to be held in Geneva from March 7 to March 17, are at www.ville-ge.ch/gpe/guid/evnenmt/autos/autoc.htm, including info on the car-a-day lottery prizes. Interesting stuff. French and English versions available.
● Finally, www.sl.co.uk/jettype has news of the sale of Jackie Stewart's former 1961 3.8 series 1 E-type Jaguar. Find out about the car and, if you're interested in buying it (price in the region of £40,000), you can e-mail the owner your number and he'll contact you.
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BUSINESS TRAVEL

Aim to accommodate

The world's leaders come in all shapes and sizes, and have different likes and dislikes - just like well-heeled business travellers. So the latter may care to imitate the former, and make increasingly stringent demands of the hotels in which they stay.

Last week one of Thailand's top hotels arranged a giant-sized bed for Helmut Kohl, the bulky German chancellor, and sanitised the Sultan of Brunei's suite to keep it pollen-free. The chancellor and the sultan were among those attending the

Asia-Europe summit in Bangkok. In all, the leaders of 25 countries had their most intimate wishes catered to. Bangkok's Oriental hotel, by the Chao Phraya river, ensured that Kohl had plenty of room to stretch in bed. "We have had to expand his bed in length and width after getting confirmation he is exceptionally tall and big," a member of the hotel's staff was quoted as saying by a security source. "We rushed to accommodate him so as not to compromise Thailand's image."

Security sources added that the Oriental had decked its suites with bouquets of fresh orchids and other exotic Thai flowers. But it used artificial

biocome for the Sultan of Brunei. Pollen makes him sneeze. Another tip from the top: Thai love visitors who order Thai wine. At one of the summit's dinners, Chateau de Loix wine, from Thailand's north-eastern Loei province, was served instead of imported French stuff.

Passenger numbers up
Poland's state-owned airline Lot says it carried 1.24m passengers last year, 200,000 more on foreign flights than in 1994, and 40,000 more on domestic routes. Its passenger flights had a load factor of 69.5 per cent last year, marginally up on the year before.

Meningitis warning

At least 233 people have died from meningitis in Niger since January, the government said last week. Meningitis is the deadliest of four recent epidemics that have killed about 15,000 people in neighbouring Nigeria. Outbreaks of cholera, measles and diarrhoea have also been reported in several countries of the Sahel region, the arid belt on the southern fringe of the Sahara.

The Niger health ministry said most of the deaths were in southern Gaya region, near Nigeria, whose own

government said it was grappling with multiple epidemics, mainly in the northern Kano state.

Fury at crash record
Anger is growing in Peru over what is seen as a lack of air safety in a country which has suffered a string of aviation tragedies. Reuters reports from Lima.

There have been calls from all quarters for a thorough investigation of last Thursday's crash of a 28-year-old Boeing 737-200 - the worst air disaster in Peru's history - and for an overhaul of the country's fleet of aircraft.

The fleet is said to be

largely out of date, over-used and poorly maintained. Some aircraft owned by Peru's six major airlines are as old as 45 years.

All 117 passengers and six crew members died when a domestic flight came down about 600 miles south of Lima. The outrage was compounded by evidence that the cause was a faulty turbine that burst into flames minutes before the aircraft hit a hillside.

Last November, the US Federal Aviation Administration listed Peru as one of a few countries worldwide that failed to meet international aviation safety standards.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
London	10	11	12	13	14
New York	15	16	17	18	19
L. Angeles	19	18	17	16	15
Paris	12	13	14	15	16
Tokyo	18	19	20	21	22
Hong Kong	21	20	19	18	17
Singapore	25	26	27	28	29
Frankfurt	8	9	10	11	12
Mumbai	28	29	30	31	32
Delhi	32	33	34	35	36
Beijing	14	15	16	17	18
Seoul	11	12	13	14	15
Osaka	16	17	18	19	20
Manila	24	25	26	27	28
Bangkok	26	27	28	29	30
Jakarta	27	28	29	30	31
Colombo	28	29	30	31	32
Perth	18	19	20	21	22
Auckland	12	13	14	15	16
Wellington	11	12	13	14	15
Christchurch	10	11	12	13	14
Dunedin	9	10	11	12	13
Wellington	11	12	13	14	15
Christchurch	10	11	12	13	14
Dunedin	9	10	11	12	13

Maximum temperatures in Celsius

Michael Skapinker is impressed by Singapore's Changi airport, where the staff smile, greet and thank passengers

A constant search for perfection

Changi of Singapore wins most of the World's Best Airport competitions - and those won by anyone else are not worth bothering with.

At which other airport can you soak in a Jacuzzi overlooking the runway? There might be another airport with a karaoke lounge, but do its terminal buildings boast emperor angel fish and feather duster worms?

The fish have imperially square heads and the feather duster worms waft back and forth in the current. They, with other local aquatic life, are in the Changi aquariums which, along with the fountains and the spacious terminals, make this airport such a pleasure to use.

Not that Changi is perfect. The assistant in the clothes shop at Terminal Two was astonishingly snooty. The luggage trolleys are awkward: counter-intuitively, you have to press the brake handle down to get the trolleys to move and let go to stop them. And even though the airport is far less congested than many of its competitors, my Singapore Airlines flight to London left 45 minutes late.

Getting to and from the airport can be a problem. Changi is not connected to the underground railway system. There is a bus from the airport to the city centre and the large hotels. It is extremely good value at \$55 (£2.30), but Singapore's traffic means that the service's time-keeping is erratic. A taxi from the city

centre to the airport costs only \$815 but finding one, particularly at the large hotels, can be difficult.

But the impressive thing about Changi's managers is that they know they are not perfect. They constantly send their staff to London's Heathrow, Amsterdam's Schiphol and Frankfurt - airports which occupy second, third or fourth places in properly organised competitions - to see how

Changi could do things better. "Heathrow - the way they handle that volume of traffic," marvels Ng Wee Hong, Changi's deputy director-general. "We have a great deal of respect for Heathrow and Kai Tak in Hong Kong. We have facilities they don't have. We admire them for the effort they make with the limitations that they have, the way they innovate in the face of difficulties." The most important advan-

tage Changi has that Heathrow and Kai Tak do not is space. The reason Changi has so much space is that it is largely built on land reclaimed from the sea. About half of its first terminal, which opened in 1981, is built on reclaimed land. So is the whole of the second terminal, which opened in 1990.

From the airport buildings, one can see the heavy machinery reclaiming yet more land

to build Terminal Three, which should open early in the next century. Operating under a more restrictive political system than many of its competitors, Changi does not have to submit its third terminal plans to a public inquiry.

This is a huge advantage over Heathrow, which wants to build a fifth terminal. Its managers are at present arguing their case before a public inquiry so exhaustively demo-

cratic that inquiry officials provide free office space to those opponents of the terminal who cannot afford their own.

In contrast to Heathrow's restrictions on night flights, Changi operates 24 hours a day. Aircraft approaching and leaving the airport fly over the sea rather than over housing.

Changi handled 22m passengers last year compared with Heathrow's 54m. The difference is that while Heathrow is

bursting, Changi has enough space to deal with 55m and is expanding its existing terminals to cope with more. "Our policy is to keep capacity ahead of demand," Ng says.

Unlike Heathrow or Schiphol, Changi does not see itself as a transit airport. Only about 20 per cent of its passengers change aircraft at Changi. This compares with about a third at Heathrow and 40 per cent at Schiphol. Ng says Changi

would like to keep the proportion of transit passengers at its existing level. The airport's primary purpose, he says, is to serve visitors to the island and the large number of Singaporeans who travel abroad.

There are facilities for transit passengers, the Jacuzzi among them. There is also a swimming pool which transit passengers can use, as well as a putting green, a gym and a sauna. The airport has a 50-room hotel for transit passengers. The karaoke lounge is open from 3pm to 11pm.

But as a government-owned airport, Changi's attitude to transit passengers is that they should be spending their holidays in Singapore rather than passing through. Anyone who is in the airport for a stopover of more than four hours is offered a free coach tour of the city.

The two-hour tour takes in Little India and Chinatown and other sites. The disadvantage of the tours - is that passengers cannot get off the coach because they are in transit and have not been through customs and immigration. The idea is to give them a taste of Singapore in the hope that they will come back.

The food at the airport should provide enough encouragement, as should the attitude of the staff. At the employees' entrance to the airport, there is a mural exhorting them: "Greet, smile, thank." They all do, except for the assistant in the clothes shop.

Sex kitten takes the cream

Whatever else changes in the airline industry, the Singapore Girl will go on, writes Michael Skapinker. Some might regard Singapore Airlines' long-running advertising campaign, with its sex kitten air hostesses, as inappropriate, but the carrier has no intention of abandoning it.

"That so much has been written about it and that people continue to talk about it vindicates our decision to continue with it," says Cheong Cheong Kong, the airline's managing director.

"People recognise the Singapore Airlines ad. In surveys on the ability to recollect ads, we're always No 1. So, no, I don't have plans to change our advertising strategy. I think

it's a symbol. You shouldn't take it too seriously. We want something that represents care and, after all these years, that's something women still do better than men."

However effective Singapore Girl has been as an advertising campaign, anyone who has used the airline knows that it does not reflect the reality of Singapore Airlines' service.

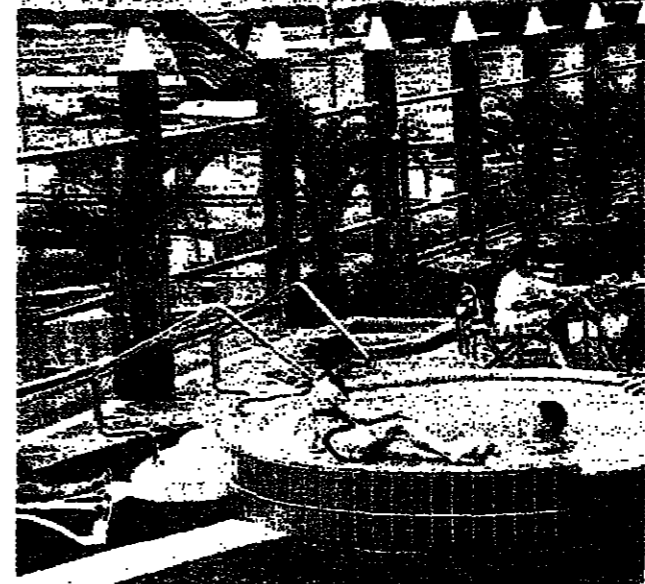
For a start, some of the cabin crew are men, and many of the women are older than those in the advertisements. Nor are Singapore's flight attendants flirtatious or coquettish. What they are is supremely professional, with an extraordinary ability to remember passengers' names.

Singapore is one of the world's few consistently profitable airlines. It ploughs billions into new aircraft. How has Singapore managed to make profits in an industry where losing money is the norm? "We're asked that question a lot," says Cheong. "I don't think our values are different from those of other airlines. They're the same motherhood values as everyone else has. Perhaps we're more religious in applying them. Or perhaps we have more luck."

But Cheong acknowledges there is one difference between his airline and those in Europe, the US and Australia. He says: "The bottom line is we are never in danger of a strike."

This does not, however, mean that he does not have to worry about industrial relations. Singapore has a labour shortage and Cheong has to go abroad to ensure that the airline operates cost-effectively. Some of the airline's accounting services are done in Beijing. The airline has a joint computer software venture with Tata of India.

Singapore faces growing competition from British Airways, the world's other consistently profitable airline, which is upgrading its first and business class cabins. But if BA wants to learn something from its rival, it could look at how the Singapore staff manage to ensure that the cabins and toilets are as clean on arrival as they were on departure.



In the swim: transit passengers can have a Jacuzzi at Changi

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ARTS

SONG

TURIN The Teatro Regio's staging of Verdi's 'Il corsaro' was to have been co-produced with...



BERLIN The George Ortiz collection of antiquities comes to the Altes Museum on Thursday after showings in London, St Petersburg and Moscow...



FRANKFURT Photography in the context of contemporary art is the theme of a major exhibition (left) opening on Saturday at the Schirn Kunsthalle...



LONDON The musical 'Tommy' opens at the Shaftesbury Theatre tomorrow night. First shown on Broadway in 1969...

LONDON cast The Abbey Theatre Dublin's production of Frank McGuinness's play 'Observe the Sons of Ulster Marching Towards the Somme'...

Wednesday Percussionist Triok Gurto is one of the most sought after sidemen in jazz. On Tuesday he brings his own band to the South Bank at the beginning of a European tour...

The Wagners are at war over their inheritance. Richard Wagner founded the Bayreuth festival in 1876, to provide the best possible conditions for his art. After he died, his wife and son turned it into a thriving family business...



Bayreuth faces Götterdämmerung

The Wagner family is in turmoil over its musical inheritance, Andrew Clark reports

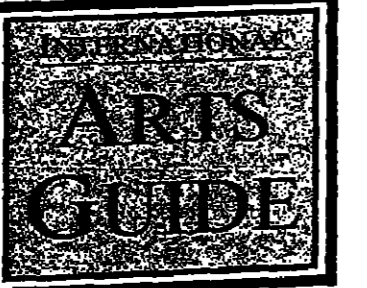
The next festival director will be elected by the governing board of the Richard Wagner Foundation - comprising representatives of public funding bodies (18 votes), the Friends of the Festival (two votes), and the Wagner family (four votes)...

1950s and early 1990s. Wieland died in 1986, leaving his younger brother Wolfgang in control. Nike says Wolfgang's sole concern has been to keep everyone happy. 'The last time the festival renewed itself was after the war - but that was 50 years ago. Bayreuth is no longer at the cutting edge of Wagner interpretation...

he knows it, but he continues to use it because he has nothing valid to say against us. If you consider his own career and that of my father, they had no qualifications when they restarted the festival in 1951. She says it was legitimate to talk about qualifications when members of her generation were young. 'But now we are middle-aged and have made our way in the world. Eva is well-qualified on the management side...

Ellen, Nike says, "there was room for only one woman - the daughter or the new wife. It was a power struggle, the Battle of the Queens was already there. As a result, we all feel disinherited. The Wagner family is what makes Bayreuth different from other opera theatres. But Wolfgang thinks the family only brings him trouble. Nike's published writings on Wagner and other creative artists demonstrate a clear analytical mind. She talks about the need to take Wagner more seriously. 'If I became festival director, I wouldn't hire scandalous names and let them do whatever. Producers would show us their ideas and we would discuss them. We would pair conductors and stage directors who can work together constructively...

Ian Shuttleworth At Derby Playhouse until March 16 (01323-863275).



- AMSTERDAM CONCERT Concertgebouw Tel: 31-20-5730573 ● Tokyo Quartet perform Mozart's String Quartet No.16 in A, Bartók's String Quartet No.2, and Ravel's String Quartet in F; 8.15pm; Mar 7, 9

- BONN DANCE Oper der Stadt Bonn Tel: 49-228-7281 ● Ein Sommernachtstraum: a choreography by Yuri Vámos to music by Mendelssohn, performed by the Ballet Bonn; 8pm; Mar 5

- FRANKFURT CONCERT Götterdämmerung: with conductor Jin Wang and soprano Rosemary Hardy perform the overture to Schreker's Die Gezeichneten, Schoenberg's Erwartung, Lehár's Gold und Silber, and excerpts from Mahler's Symphony No.10; 7pm; Mar 7

- LAUSANNE CONCERT Théâtre Municipal Tel: 41-21-3101800 ● Die Winterreise; by Schubert. Performed by bass Kurt Moll and pianist Stefan Irmler; 8.30pm; Mar 6

- LEIPZIG CONCERT Gewandhaus zu Leipzig Tel: 49-341-12700 ● I Musici di Roma: and violinist M. Sbiru perform works by Respighi, Rota and Vivaldi; 8pm; Mar 6

- PARIS EXHIBITION Centre Georges Pompidou Tel: 33-1-44 78 12 33 ● Miguel Barceló: Impressions d'Afrique (1988-1995): exhibition featuring some 60 gouaches and watercolours, 15 small paintings, approximately 20 drawing-books and three ceramic sculptures. From Mar 6 to Apr 29

- STOCKHOLM DANCE Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300 ● Don Quixote: a choreography by Rudolf Nureyev after Marius Petipa to music by Minkus/Lanchberry, performed by the Royal Swedish Ballet; 7.30pm; Mar 5, 8

ATHENS CONCERT Athens Concert Hall Tel: 30-1-7282333 ● Greek Music Series: guitarists Evangelos Asimakopoulos and Liza Zoe, pianists Diana Vranoussi and Vily Stylianou, cellist Dimitris Petras and mezzo-soprano Maria Karayevrek perform works by the Greek composers Coucoulas, Christou, Antoniou, Tenicis and Travlos; 8.30pm; Mar 7

BERLIN CONCERT Konzerthaus Tel: 49-30-203092100/01 ● La Cistella; by Cavalli. Conducted by René Jacobs and performed by René Jacobs and Olivier La Monnaie. Soloists include Olivier Lallouette, Rosemary Joshua, Brian

HAMBURG OPERA Hamburgische Staatsoper Tel: 49-40-351721 ● Tosca; by Puccini. Conducted by

LONDON CONCERT Barbican Hall Tel: 44-171-6388891 ● The London Symphony Orchestra; with conductor David Robertson and percussionists Steve Reich and Neil Percy perform Reich's Clapping Music, Eight Lines, Saxite and Tetlim; 7.30pm; Mar 6

NEW YORK CONCERT Carnegie Hall Tel: 1-212-247-7800 ● Maurizio Pollini: the pianist performs sonatas Nos. 22, 23, 24, 25 and 26 by Beethoven; 7.30pm; Mar 8

VIENNA OPERA Wiener Volksoper Tel: 43-1-514442960 ● Wiener Volksoper: with conductor Cornel Trailescu perform Puccini's Il Tabarro and Gianni Schicchi; 7.30pm; Mar 5, 8

WASHINGTON CONCERT Terrace Theater Tel: 1-202-467 4600 ● Joseph Kallichstein: the pianist performs Beethoven's Sonata in F minor, Op.2 No.1, Sonata in A major, Op.101, Sonata in C minor, Op.13 (Pathétique), and Sonata in E major, Op.109; 7.30pm; Mar 7

INVENTORY ACT 1991

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1991. Application has been made for approval of the variation of the water supply appointment; as a water

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rights and liabilities of the variation of the water supply appointment.

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17.30 Financial Times Business Tonight

Midnight Financial Times Business Tonight

COMMENT & ANALYSIS

Michael Prowse - America

Upwardly mobile

The gnashing of teeth over income inequality ignores data showing the poor often move into higher income brackets



The rich are getting richer and the poor are getting poorer. There is, conventional wisdom asserts, no more damning critique of modern America. The growth of inequality is seen as a social evil of gargantuan proportions. It is a pivotal issue in the Republican presidential primaries, with Mr Pat Buchanan, the conservative columnist, offering himself as a saviour for the supposedly down-trodden masses.

Graphs and tables showing how badly the poor are doing are endlessly reproduced in government reports and the media. This year's Economic Report of the President is typical of the genre. A prominently displayed bar chart shows that the real incomes of the bottom 20 per cent of families fell 15 per cent between 1979 and 1993, while the top fifth enjoyed an 18 per cent real increase. The headline reads: "Real incomes have fallen or stagnated for most American families since 1979."

Yet President Clinton's advisers, like other commentators, fail to put such figures into context. There is a host of reasons for doubting that data on wages and household incomes accurately measure changes in living standards. Income growth, for example, is almost certainly understated because official indices overstate inflation. But set aside such objections, which I discussed in this column on February 19. Suppose the official figures are 100 per cent reliable. They still prove much less than the doomsters would have us believe.

What does it mean to say the incomes of the bottom 20 per cent fell by 15 per cent? A natural assumption is that an unfortunate group of people at the bottom of the income ladder grew steadily poorer. A lucky group at the top, meanwhile, got steadily richer.

We could draw such conclusions if the US were a caste society, if people were frozen in particular income groups. But this is not the case. The

US is a highly mobile society. The people who comprise the bottom 20 per cent today are not the same individuals as those at the bottom of the pile in 1979. Most people who participate in income trends erroneously compare the fortunes of different sets of people.

The only way to find out what is happening to real people is to track specific individuals over time. Such tracking data is available and it paints a far more encouraging picture than the conventional charts. In a fascinating recent paper*, Michael Cox and Richard Alm of the Federal Reserve Bank of Dallas analyse survey data compiled by the University of Michigan.

The Michigan data show how the fortunes of a specific group of people (chosen to be representative of the population as a whole) have changed over time. We can see precisely how people at different income levels fared between 1975 and 1991 (more recent data are not yet available), a period when the poor supposedly got poorer.

The results are startling. As the table shows, only 5 per cent of those in the bottom 20 per cent in 1975 were still there in 1991. The great majority had moved into the top

three income quintiles and thus achieved a "middle class" lifestyle, or better; 29 per cent of the poorest in 1975 had reached the top 20 per cent by 1991. The data suggest that being poor is not a permanent state for most people: less than 0.5 per cent of the Michigan sample showed up in the bottom quintile every year from 1975 to 1991.

Those who started poor in 1975 typically enjoyed a much faster growth of income than those who started in the top quintile. People in the bottom 20 per cent enjoyed a \$35,322 average gain in real income over the period. The increase for those starting in the top quintile was a mere \$3,974. Many of those starting out poor got richer quickly: two-thirds of those in the bottom quintile in 1975 reached the top 60 per cent of the income distribution within six years.

Other attempts to track the income of real individuals paint a similar picture. In a 1992 study, the US Treasury analysed the period 1979 to 1988 using data from income tax returns. It also showed the vast majority of those in the lowest income bracket in 1979 rose to a higher grouping by 1988; two-thirds reached the middle of the income distribu-

tion and 15 per cent made it to the top quintile. The upward mobility is somewhat less pronounced than in the Michigan sample because the period covered is much shorter.

The tracking studies confirm the US remains a land of opportunity. At any moment the income distribution is far from equal. But people are moving up (and down) all the time. Mr Cox, economic adviser at the Dallas Fed, points out that this partly reflects normal life-cycle changes.

Most young people (including future doctors, lawyers and company presidents) begin working life in the bottom 20 per cent, either as students or relatively unskilled entrants to the labour force. As their skills and experience grow, they rise up the income distribution; income peaks during middle age and then falls during retirement. The discrepancy between starting and peak earnings has risen sharply in recent decades, accounting for some of the rise in overall inequality.

Inequality seems a worse problem in the US than elsewhere partly because it has an unusually liberal immigration policy. The bottom income tier is constantly being replenished with new waves of immigrants, many of whom arrive in the US with no skills or assets. But they typically do not stay poor for long.

It would be wrong to conclude from the Cox and Alm study that nothing needs to be done to help the poor. Everyone agrees that improvements in education and training are important. But their analysis demolishes the notion that there is a rigid divide between the "haves" and the "have nots". And it shows that much of the pessimism expressed by politicians reflects an inability to grasp the meaning of simple statistics.

*By Our Own Bootstraps, from the Federal Reserve Bank of Dallas, 2200 N Pearl Street, Dallas, Texas, 75201, US.

Moving up: the poor get richer faster

Income quintile 1975	Percentages 1991				
	1st	2nd	3rd	4th	5th
5th (highest)	0.8	2.8	10.2	23.6	62.5
4th	1.9	9.3	18.8	32.6	37.4
3rd (middle)	3.3	19.3	28.3	30.1	19.0
2nd	4.2	23.5	20.2	25.2	26.8
1st (lowest)	5.1	14.8	21.0	30.3	28.0

Income quintile 1975 (\$ 1993)	Average income		Absolute gain
	1975	1991	
5th (highest)	45,704	49,875	4,171
4th	22,423	31,292	8,869
3rd (middle)	13,030	22,394	9,364
2nd	6,291	28,873	22,582
1st (lowest)	1,153	26,475	25,322

Sources: By Our Own Bootstraps

Challenge to realise energy savings

From Sir Frank Gibb

Sir, Your editorial on "Green Labour" (February 28) contains a point which needs clarifying. I would agree that energy efficiency measures usually require up-front capital investment, but it does not necessarily follow that other resources are used less efficiently and that the energy efficiency industry is low-technology.

An example is the condensing boiler. These use the latest technology to produce 15-20 per cent more efficient use of fuel. Though the up-front cost of the boiler is higher, savings in fuel cost more than compensate for this. Another example is the energy efficient compact fluorescent light which uses an advanced technology that is being constantly improved. These lights use a fifth of the energy required by normal tungsten filament bulbs for the same lighting levels.

The Energy Saving Trust was set up by the government and the energy companies to promote the efficient use of energy in the UK. It is constantly looking for the technological advances that have proved effective in using energy efficiently. The trust has many examples which show costs of energy efficiency measures are cheaper than the cost of energy supply.

The biggest question facing the UK is whether energy efficiency is too expensive, but how the country is going best to finance the initial investment in energy efficiency, so that, as a whole, it can benefit from the resulting energy cost savings.

Frank Gibb, chairman, Energy Saving Trust, 11-12 Buckingham Gate, London SW1E 6LB, UK

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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National defence policies decided in Brussels sure way to EU split

From Mr Russell Lewis

Sir, Your leader "An outline for EU reforms" (February 28) asserts that the European Commission's proposal to abolish the national veto "may be less earth-shattering than it sounds". There can be few areas of national policy more vital than foreign, security and defence policy. It is undeniable that the national interests of member states differ widely.

To give one example: do we agree with Chancellor Kohl's current assertive pro-Yeltsin policy in Russia's elections? There is no surer way of creating the conditions in which the European Union will split disastrously than by allowing national parliaments and governments which are responsible for the safety of their people and servicemen to be outvoted behind closed

doors in Brussels. You cite agriculture as an example of an area in which majority voting is already used and by implication with success. Surely this is the kind of "success" we can do without in foreign affairs and defence?

Russell Lewis, director, The European Foundation, 61 Pall Mall, London SW1, UK

Not intimidated after a whirlwind tour

From Mr W. R. Hutton

Sir, I have always been a little intimidated by your paper's illustrious name. So I felt a small amount of awe when I opened the pages for the very first time, and read Edward Mortimer's column entitled "Surfeit of good things" (February 28). His opening proposition - "Free economics is a necessary condition for free politics. But you can have too much of a good thing." - was one I've been grappling with for a long time, and so I settled back, in full focus, for his weighty discourse.

Buchanan, the United Nations, unhappy Americans finding jobs in a changing economy, Russians, a Serb gunman in Adidas sneakers, the Islamic Jihad, Portugal's 1974 revolution, Shakespeare and McDonald's hamburgers.

His final and only real defence of "liberalism" (stated three times in three different ways, I might add) was: "If every choice is left to the market, the right to vote becomes meaningless, because the people you elect have no power to change anything."

This, when boiled down, becomes the redundancy: the problem with getting rid of statist policies is that it interferes with the state's

control of things. While I did enjoy his whirlwind tour of recent history, I do not believe I gained any new insights into the application of the philosophy of politics from Mr Mortimer.

For those details I may have to start reading the works of Aristotle, Jefferson, Ludwig von Mises, and leading the works of Ayn Rand.

But I will not be intimidated any more.

William R. Hutton, 2146 Sunnyvale Drive, Oakville, Ontario, Canada L6L 1W7

Employed already bearing the costs

From Mr Peter Robinson

Sir, I greatly enjoyed Pamela Meadows' contribution to the debate on unemployment ("When growth fails the unemployed", February 27). She quite rightly pointed out that in order to reduce unemployment, those who have jobs must bear some costs in one of three ways: in the form of lower wages, higher taxes or higher prices.

significantly, not to fund job programmes, but to achieve a necessary rebalancing of fiscal and monetary policy. And the result? Three years of steady economic recovery delivering rising employment and declining unemployment, without any of the inflation or current account problems which derailed the Lawson boom. Unfortunately, those in work do not seem to like this benign recovery. The combination of subdued wage growth and rising taxes meant that in 1995 real take home pay for the employed fell for the

first time since 1982. Hence, why a balanced sustainable recovery has co-existed alongside a fecked factor.

The challenge is how to sustain this recovery, and how to persuade the politicians to level with the electorate by delivering the message that a sustained recovery demands continued restraint by those in work.

Peter Robinson, Centre for Economic Performance, London School of Economics, Houghton Street, London WC2A 2AE, UK

The vision of a heretic

Oracle is promoting a cheaper alternative to the personal computer, says Louise Kehoe

Larry Ellison is a personal computer heretic. Rather than cheering for the latest, fastest PC technology - as most of his peers do - the chairman and chief executive of Oracle insists that PCs are already far too expensive and complex.

For the past six months, Ellison has been energetically promoting the concept of a network computer (an NC) - a \$500 machine that, when linked to the Internet or a corporate network, could substitute for a multimedia PC costing at least four times as much.

Last week, defying industry sceptics who said it would be impossible to build a multimedia computer for such a price, Ellison demonstrated a working prototype NC built with parts costing less than \$300.

Before an audience of software developers in San Francisco, Ellison put the NC through its paces, accessing the World Wide Web, sending and receiving electronic mail and performing standard jobs such as word processing.

The NC not only matched the performance of a PC but, in some ways, it was better. Playing video and sound clips from Internet pages, for example, is much simpler and quicker on an NC because the signals are played directly as they are received over the Internet.

This eliminates the cumbersome PC approach which involves downloading the signals to PC memory, storing them on disk and then processing them with a "player" program.

"This is what Bill Gates has called a 'dumb terminal'," Ellison quipped as the NC fired up a video of white-water rafters, accompanied by loud CD-quality music. Gates, chairman and chief executive of Microsoft, the leading PC software supplier, has been scathing about "Larry's vision" for NCs. The NC turns the concept of a PC on its head. Instead of putting computer power and numerous application programs on every desk, the NC minimises the desktop unit and relies heavily upon the power of network servers - larger computers that store data and software and service the needs of all users linked to a network.

In the corporate setting, the NC could be linked to an office "local area network". For the computer at home, the NC would be hooked up to the Internet.

While admitting that the



Larry Ellison: "There is a gigantic market in homes for NCs"

"NC will never replace the PC", Ellison contends that NC sales will overtake PC sales by the end of the decade. "There is an enormous market in corporations, an enormous and important market in schools, and a gigantic market in homes for NCs," he says. "I personally think that there will be more NCs sold in the year 2000 than PCs."

He voices complaints about PCs that are seldom heard within the computer industry, but all too familiar among PC buyers. The PC is expensive to own, he says, and too complex and difficult to use. NC manuals, he insists, will be no more than eight pages long.

He likens the 15-year-old PC to "an old house that has been continually remodelled". In contrast, "the NC has been invented in the 1980s to take advantage of the proliferation of computer networks".

He says: "If you design a computer that assumes the existence of a network, you

end up with an entirely different computer than the PC. You design a device that is like a TV, utterly worthless without the network. But because there are networks, these devices are simple, low cost and enormously valuable."

While Oracle has developed the basic software needed to get the NC off the ground, the company's primary motive is to sell more of its flagship database programs. "The NC should create demand for more servers and that is what we do - server software," said Ellison.

Oracle has no plans to manufacture or market the NC. Instead, Ellison has spent the past few weeks touting the product to prospective computer and electronics manufacturers. While refusing to name any companies that will make NCs, he claims that NCs and NC components will be produced by some of the top computer companies in Japan, Korea, Taiwan,

North America and Europe. Already, suppliers of components used in the prototype NC are relishing the prospect of a big new market. In particular, Advanced Risc Machines, a sister company of UK-based Acorn Computer, is hoping to break into the mass market with its high-speed, low-power microprocessor chips.

Even as he demonstrated the prototype NC, built using ARM's chip, Ellison announced his company was "working hard" to ensure that new models based on Intel Pentium chips would be available "at the same time or before" the ARM-based version was on the market.

Many manufacturers of PC circuit boards, which use Intel chips, could quickly reconfigure these products to make NCs, Ellison explained.

The point is telling. From the perspective of computer manufacturers, the NC is little more than a stripped-down PC. Indeed, although Ellison claims to have persuaded Intel of the benefits of the NC, the world's largest chip maker sounds less than enthusiastic.

"We still think the main thrust for Internet access is a high-performance PC," Intel said. While the chip maker will not turn away business if demand for NCs materialises, it still regards the NC as a "niche product" that might achieve sales of a few hundred thousand a year rather than the tens of millions that Oracle is predicting.

Moreover, it seems unlikely that NCs using Intel chips would sell for \$500, the price Oracle is targeting.

Yet whatever the speed of the chips, performance of NCs will largely depend on the speed of network connections. In his demonstration, Ellison used a high-speed digital telephone link to show off the NC at its best. In many parts of the world, such digital lines are expensive or unavailable.

Oracle's dream of creating a new category of home and office computers cannot come true until telephone companies or cable TV services upgrade their networks to make high-speed network links more widely available.

The NC could be the breakthrough computer product of the 1990s, as Ellison suggests. It might also, however, join the ranks of Apple Computer's Newton "personal digital assistants" and the interactive television "set top box" in the computer industry's skeleton cupboard.

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Monday March 4 1996

Hard decisions for Australia

Australia's Liberal-National coalition takes office this week after an electoral landslide which surprised even its most optimistic supporters. It is far from clear, however, that the new government's commanding majority in the lower house also reflects a solid popular mandate to tackle decisively the country's most pressing problems.

There is much evidence that voters were swayed less by enthusiasm for the coalition's policies than by disillusionment with the outgoing Labor administration. After 13 years in power, Labor was widely judged to have lost its spark, and Mr Paul Keating, its leader, to have grown too arrogant. Economic malaise also played a big part. Though Australia is in the fifth year of a recovery, unemployment remains above 8 per cent.

Yet the campaign waged by Mr John Howard's coalition offered few fresh ideas. On most policy questions, Mr Howard either implicitly endorsed Labor's approach or obstructed. His caution is understandable after his party's mauling at the 1993 election when it espoused sweeping economic reform. But the tactic cannot help him as prime minister. Among the most urgent tasks is to attack an underlying annual budget deficit now running at A\$9bn, or 2 per cent of gross domestic product. The shortfall is disturbingly large at this stage of the economic cycle. More fundamentally, putting public finances in order is vital to controlling Australia's large debt burden and raising its chronically low savings rate.

Doing so will require tough choices, for which the coalition has poorly prepared the electorate. To slash spending, after promising bigger hand-outs during the campaign, would invite public cynicism. Measures to increase budget revenues - and redress a fiscal structure which unduly favours consumption over productive investment - would prove equally controversial. All the more so if they involved the economically sensible option of a new indirect tax, which voters overwhelmingly rejected only three years ago.

Mr Howard's government faces other obstacles. Despite its strength in the lower house, minority parties retain the balance of power in the senate. They oppose the coalition's proposal partially to privatise Telstra, the telecommunications group, and may resist its plans for labour market reforms.

Mr Howard promised in the campaign to create a "relaxed and comfortable" Australia. That may be what many voters want. But it is no guarantee of future prosperity. That goal requires difficult decisions, likely to arouse short-term unpopularity. The risk is that Australia's new government has regained office at the price of its ability to govern effectively.

Nuclear sale

Negotiations for the privatisation of the UK's nuclear industry have turned into a standoff. The question is which side will blink first: the Department of Trade and Industry, or British Energy, the company created for the sale. On past experience, it will be the government. However, there are encouraging signs that this time ministers might be more robust.

Conflict has centred on two issues: the liabilities to be transferred to the private sector, and the level of debt to be carried by British Energy. The government appears to have won the first point, insisting that all liabilities associated with British Energy's eight power stations should also be transferred to the new company.

There is a natural logic in the decision to match liabilities with the assets which generated them. Moreover, the liabilities which have been at the heart of the recent row - essentially, the cost of reprocessing fuel rods which were used in the past but have not yet been reprocessed - are only about one-eighth of the \$12bn liabilities which the company is now expected to bear. They will also crystallise soon, and are therefore relatively easily quantified. Much more uncertainly surrounds longer-term reprocessing and decommissioning costs. The government has yet to demonstrate it has made a thorough assessment of those costs and of British Energy's ability to meet them without running its stations well beyond their expected lifetime.

Meanwhile, the issue of debt levels remains fiercely contested. Mr Ian Lang, industry secretary, should continue to play tough on this point. The government has rightly been criticised for privatising many utilities with unnecessarily well-capitalised balance sheets, in order to smooth the sale.

Instead, initial debt should be set as high as expectations of cashflow will permit. The market's view of the risk that returns will deviate from those estimates will then be reflected in the sale price. That risk certainly exists; in particular, prices in the wholesale market for electricity may fall. Contracts for supplying coal to power stations expire in 1998, which may allow costs to fall, while new plants are coming on stream. Lower prices could hit nuclear power's cashflow hard, as its costs are almost entirely fixed.

Nonetheless, there is little point in trying to assuage those fears by over-capitalising the company. For a start, the government might well prove a net loser, in that the debt retained by the public sector might well exceed the enhancement to the sale price. Moreover, the market frequently overestimates such risks. If the fears proved exaggerated, the shares might then perform embarrassingly well, as they have done in previous electricity privatisations.

Nuclear is far from the easiest sale, but ministers have nothing to gain by treating the industry too generously. For British Energy's part, if it wants to be privatised, it should blink soon.

Asia and the EU

The more vehemently Asian and European leaders protest that their summit in Bangkok was a success, the more they expose its insubstantial result. Their actual exchanges were banal, and much of the agenda was borrowed from elsewhere. Government leaders do not need to travel half way round the world to organise cultural exchanges between students.

Their defence is that they started a process which will bind Europe and Asia economically and enhance global security. That is indeed a worthy aim. But if the process is to lead anywhere, the summit must be followed through with diligence and determination. The final statement skirts round the challenges, especially on the economic front.

Europe must decide how far it is prepared to undertake further trade liberalisation to match the parallel process among members of the Asia-Pacific Economic Co-operation forum. If it does nothing, it will be accused of taking a free ride on the coat-tails of Apec, which plans to liberalise on a non-discriminatory basis.

This realisation is slowly dawning in Brussels, but Europe still seems stuck with a mercantilist desire for balance. It says it must wait and see how far Apec actually goes before considering additional measures of its own. Yet Europe had a greater direct commercial stake in the region, it would have a more tangible security interest too.

anyway. They would also demonstrate it was serious about Asia.

If the momentum is to be maintained, there must also be a goal, as Apec has already discovered. Since there is no question of creating an exclusive trade bloc, there is no harm in agreeing a target date of 2002, the same as Apec, for free trade between the two regions. The process of building closer relations will fizzle out if all sides insist on it remaining informal, but a firm target date could be applied to the WTO as well.

Apec and the Asia-Europe meeting, or Asem as it is already known, would then effectively be two separate parts of one continuous multilateral trade round. This fragmented approach to global liberalisation is less unwieldy than the traditional round and might make for faster progress. The modern trade agenda is too complex for the old approach. The Uruguay Round nearly collapsed several times under the strain.

Asem should aim for a particular contribution on investment, which has proved difficult for Apec and seriously lags physical trade flows. Europe is right to seek clearer rules. Investment will not flow if the treatment of foreign investors remains capricious and subject to favouritism as it is in parts of Asia. Asia's interest is more than just economic. If Europe had a greater direct commercial stake in the region, it would have a more tangible security interest too.



Roll up for the crazy carousel

City institutions are paying huge sums to get the right people on board, but not everyone can join the ride, say FT reporters

Winner-takes-all has come to the City of London jobs market. The phrase of the moment among US pundits reflects the increasing polarisation of reward between a handful of stars and the rest of the field in many aspects of the modern economy. Top dogs, within an individual company or in an industrial sector, now leave only scraps for their rivals.

It is with the dramatic stories of the "poaching" of bankers, traders and analysts in mouth-watering deals worth hundreds of thousands or even millions of pounds. For those in highest demand, the competition is fierce, and loyalty goes to the top bidder.

"It is a crazy carousel," says the head of a leading mergers and acquisitions advisory business. "I don't like it, but I am part of it." An analyst concurs: "There is a huge merry-go-round. It is the latest way for commercial banks to lose money. First there was Latin America, then there was commercial real estate, now they are trying to stuff it into my back pocket."

This is the City's third ride on the carousel in the past decade. The first came in the run-up to Big Bang when investment banks paid huge sums for stockbroking and jobbing firms. The second followed on from that until the 1987 crash.

But the current City transfer market manifests the same gulf that exists - and is widening - between the fortunes of English football's Premiership and the also-rans of the Endleigh League.

"There is a big divergence between the stars and the multitude," says one bank economist. "Only where people fit into a specific role for a bank or investment firm do you get very large salaries."

Experienced fixed income and equity analysts might expect to earn between £70,000 and £100,000 a year, with up to £70,000 more in bonuses and fringe benefits. But the premier league of analysts who find their particular specialisms in demand command much higher salaries - with a privileged handful earning more than £1m.

Increasing numbers, however, are paid far less than this. Junior analysts at some European banks, generally regarded as the worst payers, can earn as little as £20,000 a year. "There have always been people in the City who have been paid crap but the number is increasing," says another analyst.

There are also large divergences in bonuses, according to a bond trader at a UK bank. "The curve has steepened - the good producers are getting a much larger share of the pie while the plodders have got little or nothing. At most banks, the bonus pool is probably bigger this year than last year, but a smaller number of people have got a larger share, and that trend will continue." Even where the bonus pool is huge - CS First Boston paid twice as much in bonuses as it reported in pre-tax profits - some people have missed out. "Where did all the money go?" asks one banker.

Among the winners are analysts capable of helping banks deliver lucrative mandates to privatise state-owned companies or float shares on international equity markets. As margins contract on bond and loan business, equity issues have become the most sought-after deals - commissions for such deals typically amount to between 2 per cent and 3 per cent of the amount raised. Deploying leading sector analysts for presentations during roadshows can help enormously. "Banks have to show research capability as part of their marketing effort," says a City economist. "You have to have a top-ranked telecom analyst to present yourself as an important player to the government which is privatising."

The media business, the subject of much US merger and acquisitions activity, is another sector where highly rated analysts command large salaries. Other hot areas are equity derivatives, where

leading executives can earn more than \$10m (£6.5m), mergers and acquisition advice, pan-European equity researchers and - back in fashion again - emerging markets.

The obsession with analyst league tables, such as those published by FT Xtel and Institutional Investor, has increased the competition among analysts. "If you're among the top three rated analysts, you're in the driving seat," says Ms Gillian McBurney of Dendera Research, a market research and executive search company.

She adds: "In the old days, if you got into the office on time, kept your desk tidy, got along with the sales team and wrote regular research reports, you kept your job. Now it's a much more competitive market. If you're not producing and if your research isn't attracting the big investors, you won't stay in your job for long. There's a lot more performance pressure - not just to get the job but also to keep it."

Traders see the same trend. "Bond sales and trading are a very capital-intensive business with incredibly high overheads," says one. "Only the people who can amply cover their costs - like proprietary traders - will be rewarded. The non-producers are a huge drag on the banks' ability to pay people - even the good ones."

The structure of bonus payments was already changing in the wake of the Barings collapse last year. When Merrill Lynch hired Mr Guy Dawson from Deutsche Morgan Grenfell as its head of corporate finance in Europe, it had to offer costly compensation for the loss of his share bonus.

Guaranteed packages also do not make certain that the new hire will bring in the volume of business to justify his cost. For example, Mr Maurice Thompson and Mr Michael Coburn, hired from S.G. Warburg for a reported £3m each, have yet to win a high profile international equity mandate for Deut-

sche Morgan Grenfell. With such high stakes, recruitment now means high anxiety. "The bidding going on for high-quality people resembles a raise-or-fold poker game," says a senior banker at a US company.

Companies sometimes want an open-ended search for the best candidate - increasingly a global task - but on other occasions know exactly who they want and ask the headhunter to act as an intermediary. "Our value added in these circumstances is to bring them to the table and close the deal," says Mr Bob Florh, head of global banking practice and European financial services at executive recruiters Korn Ferry Carré Rebrun International.

This is not always so simple with astute candidates. "I find myself sometimes with their lawyers, accountant and pension adviser." The immediate outlook for the jobs market reflects its polarised nature. Aggressive recruitment by continental European banks holds out encouraging prospects for top candidates and has fuelled the latest surge in top pay packages. "Some houses, like Deutsche Bank, are expanding and offer quite a lot of money to get good people on board," says one bond trader.

But others believe the many bank mergers and takeovers during the past year - including SBC Warburg, ING Barings, Merrill Lynch and Smith New Court, Chemical and Chase Manhattan, Dresdner and Kleinwort Benson - will reduce opportunities. Decisions by several banks to reduce their UK operations could also slow the carousel.

Another trader says: "Many banks have been able to get away with paying mediocre bonuses because they know their employees can't find a new job that easily - it's a buyers' market." Unless you make it to the winners' circle.

Written by Clay Harris. Reporting by Nicholas Denton, Richard Donkin, Richard Lapper, Corner Middelmann and Antonia Sharpe

OBSERVER

T Boone's last stand

Remember the days when the mere whisper of T Boone Pickens' name struck terror in the executives of Big Oil? Well, one of the most feared predators on Wall Street has finally sued for peace.

Over the last six months the legendary Texas oilman has been waiting for someone to ride to the rescue of his ailing oil and gas producer, Mesa.

Finally, on the day before the deadline he had agreed with a group of troublesome shareholders, Pickens found his White Knight - Richard Rainwater, a fabulously successful Texas investor of a more recent vintage (he is 51 to Pickens' 67).

For the man who once terrorised the boardrooms of giants like Chevron, Texaco and Inoco, this is quite a come-down. To keep his dissidents happy, Pickens had to find some new equity. It has come at a price: new investors for alleviating Mesa's woes with an infusion of \$65m. Rainwater has secured a third of the company and has board seats. And, to make clear who is now in the driving seat, Rainwater and an associate will hold sway on a new three-person executive committee (the third member is Pickens).

Pickens can console himself with the thought that it could have been worse. At least he remains

Hot line

Even London Transport, which knows a thing or two about explaining away delays on its own underground services, would be hard pressed to come up with a more innovative excuse for the rush hour chaos which delayed 100,000 commuters in Hong Kong last week. A helium-filled child's metallic balloon, let loose in a station on Hong Kong Island, shorted an overhead electrical cable, causing it to melt. Hong Kong is now agonising over whether to ban metallic balloons from the entire system.

Sheep dip

Fresh evidence, if any were needed, that French politicians dare not ignore the farming vote. The 3rd annual "salon d'agriculture" on the outskirts of Paris, closed yesterday after a week-long run and a record political turnout.

President Jacques Chirac, playing up his rural roots, became

Closed shop

No wine, women or song for China's parliamentarians who are set to convene tomorrow for their annual talkfest in Beijing's Great Hall of the People. State Council, or cabinet, has issued regulations apparently aimed at making the annual rubber stamp gathering a particularly joyless occasion. An edict has gone out that there is to be no banqueting and no exchanges of gifts.

In the past, meetings of the National People's Congress had been occasions for serious partying among delegates drawn from all over China. These days, Chinese leaders are seeking to convince a cynical public of the worthiness of parliament's role.

Delegates will not be permitted to leave the capital during the 14-day session, to conduct

Pin-up boy

David Wright, Britain's new ambassador to Japan, has not taken long to get his face known about the place. His photograph has started to appear on grocery flyers for Daimaru Peacock, a local supermarket chain, which has decided to carry the products of British supermarket chain Waitrose on its shelves.

Wright, who started last month, has penned a congratulatory letter which appears on the promotional flyers. Where will this diplomatic effort to open Japanese doors to British business end? Observer sincerely hopes that the diplomatic pin-up boy will draw the line at opening new supermarkets.

Better leave that sort of thing to Princess Diana, ambassador.

100 years ago

London Property Market. There was a fair amount of business done at the Mart yesterday, but the properties were, on the whole, an uninteresting lot. A freehold building site in Smithfield, covering a superficial area of 1,300 ft, was knocked down to £510 to a gentleman who revealed his identity by calling out his name "Sausage Harris" and we knew then we were in the presence of the king of purveyors of this faintly food.

50 years ago

New York open to list foreign stocks. New York: "The New York Stock Exchange is fully prepared to list foreign securities, thereby providing a new avenue for European corporations to secure badly needed American dollars during the present world reconversion period," according to Col John Haskell, vice-president of the New York Stock Exchange.

No foreign applications for listing stocks and bonds were at present before the Stock Exchange, primarily because foreign corporations were generally lax in supplying comprehensive and timely fiscal data to investors.

Sensational work

There seems no end to the inventiveness of the men in white (lab) coats. Swiss pharma giant Ciba-Geigy and Isis Pharmaceuticals of California are very proud about their new way of discovering drugs: it is called "antisense" technology.

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Monday March 4 1996

BT dispute with Telefónica intensifies

By Christopher Price in London

British Telecommunications has complained to the competition authorities in Madrid over the behaviour of Telefónica, the Spanish state telecoms group.

The UK company, which operates in Spain through a joint venture with Banco Santander, has accused Telefónica of using confidential information to lure its customers away through cheaper prices.

BT yesterday described its action

as "a shot across the bows" and follows growing frustration at the failure of the two groups to resolve their differences.

BT leases private circuits from Telefónica to connect clients. The UK group claims that one of the anti-competitive practices pursued by its Spanish rival is in delaying the leasing process, during which time it will approach BT's clients and offer the service at a lower price.

BT also accuses Telefónica of over-

charging it for the leasing service.

Under Spanish and EU law, BT can only operate a licence to carry non-voice traffic. Its fledgling service focuses on data traffic which has attracted about 600 corporate customers.

However, BT is keen to apply for a voice licence, as soon as legislation allows, and the complaint to the tribunal shows it intends to provide for fair competition. Full liberalisation of EU telecoms is planned for January 1998.

"We have made this complaint after repeated attempts to settle the dispute have been frustrated," BT said. "It is a warning against those incumbent telecoms utilities which are digging their heels in over competition."

Other overseas telecoms groups are also understood to be considering action after encountering similar problems to BT.

BT has been operating in Spain since April 1993 and has invested about \$76m (\$113m) in its joint ven-

ture. It employs 200 people. When it launched in Spain, the BT-Banco Santander data transmission company aimed at capturing up to 20 per cent of the domestic market.

Investment in the venture, which is building on Santander's Megared data company, will be about Pta80bn (\$625m) spread over 10 years.

A mark of Telefónica's concern over the threat from the new group was signalled by the counter launch of its own data transmission network shortly after the BT incursion.

BT has had several difficult encounters with the regulatory authorities in the UK over competition issues. The latest, over new powers being sought by Ofel, the industry regulator, could be referred to the UK Monopolies and Mergers Commission.

Telefónica, which has recently undergone partial privatisation, has strong overseas ambitions which has brought it into competition with other state-owned telecommunications groups.

INSIDE

BET/Rentokil

In its defence against Rentokil, BET is expected to point to the performance of its textile services division. Graham Kettle, director for textile services, claims the division has achieved high margins for the industry and has invested heavily in sales and marketing. But Clive Thompson, chief executive of Rentokil says: "Our managers have increased margins before at businesses which were performing above the industry average." Page 20

Fund Management

The FT today starts a weekly column on fund management, which will focus on the business and investment issues facing the industry around the world. In the first article, Norma Cohen looks at the recent spate of takeovers in the sector, and asks whether a change of ownership is likely to affect the investment performance of a house, for better or for worse. Page 22

Faces

A new Monday diary, focusing on personalities and events in the financial world, begins today. What lies ahead for Jobst Wollenstein as he takes the Bremer Vulkan hot seat? Why did Andre Sharon, head of European research at Merrill Lynch, face a staff revolt? And where is David Band (above) taking EZW for its 10th birthday party? The answers are in Faces. Page 22

Normandy Poseidon

Harry Oppenheimer and Robert Champion de Crespigny have had a warm and wonderful relationship for 10 years. But on Friday Oppenheimer's Anglo American Corporation sold its 19 per cent shareholding in Normandy Poseidon - an unfriendly gesture that could not have come at a worse time for de Crespigny. Page 21

Japanese banks face return of lending premium

By George Graham, Banking Correspondent

Japanese banks are once again having to pay a premium for borrowings in the interbank market as nervousness over the weakness of Japan's financial system increases ahead of the March 31 financial year end in Tokyo.

Senior European bankers said the "Japan premium", where Japanese banks are asked to pay steeper interest rates than competitors with the same rating from international credit agencies, had re-emerged in the last two weeks.

Last October and November, the premium stretched as wide as 50 basis points, but it had almost disappeared by the beginning of this year.

Now, however, Japanese banks were being asked for a premium ranging from three to 12 basis points, dealers said. Top Japanese bankers based in Europe acknowledged they had seen a re-emergence of the premium, but said lending banks were showing more differentiation between weak and strong banks than they did last year.

European banks confirmed this, and said they were assessing the balance sheets of the Japanese banks to which they lend. "We are being very selective about which banks we deal with," said one senior UK banker.

Published balance sheets are often unduly optimistic about the quality of their assets, but Japanese banks are being urged to present a more realistic picture when they publish their accounts at the end of this financial year by writing off loans that by international standards are in default.

Mr Martin Taylor, chief executive of the UK's Barclays Bank, last month offended many Japanese bankers by telling them in Tokyo that their

credibility would suffer if they did not write off their suspect loans in one hit.

Some analysts calculate that none of Japan's top 21 commercial banks would be able to meet the minimum international capital ratio of 8 per cent if they wrote off a realistic proportion of their officially published ¥28,500bn (\$219bn) of bad debts. Others estimate that two or three would come up to the mark.

Japanese banks have had particular difficulty in funding their D-Mark needs, and some bankers complained that dealers at the leading German banks had sought to exploit them. More galling still, some Italian banks have been particularly aggressive in demanding a premium.

"This is outrageous. There has never been an Italian premium, though they have just as many weaknesses as us," said one senior Japanese banker based in London. But some of the stronger Japanese banks have also found a profit opportunity by lending to their weaker brethren at higher than usual interest rates.

"If people are reluctant to lend to other Japanese banks, I am delighted to take advantage of the premium," commented one Japanese banker in London.

A recent analysis by the Bank for International Settlements in Basle confirmed Japanese banks had experienced funding difficulties last year, cutting their international borrowings from other banks by an estimated \$100bn or 11 per cent in the third quarter.

However, the BIS concluded the difficulties caused by the Japan premium had not been insurmountable. Japanese banks had been able to fund their overseas operations by tapping the domestic money market or by liquidating their short-term euro-market assets.

Compaq squeezes regional PC rivals

The US group is responding to increased competition with a further round of price cuts

The personal computer industry is geared for growth. But last week there were warnings that two of the biggest markets, the US and Germany, could be stuttering.

Escom of Germany warned of slower growth in its domestic market. And in the US, Compaq Computer, the world's largest PC manufacturer, surprised investors by revealing disappointing February sales.

The US group said it would respond by cutting prices and costs. But falling prices and margins have raised fears of an end to the recent bull market in US technology stocks. Following the announcement on Friday, Compaq's share price plunged more than 17 per cent to \$41 as the sell-off spread throughout the sector.

Today, Compaq is expected to launch a range of desktop computers for the corporate market with prices that undercut those of its competitors.

Later this week, it will also cut prices and launch new PC servers - high performance computers that are linked to networks of desktop PCs. The aim is to meet an aggressive first-quarter target of 35 per cent sales growth.

With world PC sales expected to grow by about 20 per cent this year, Compaq must steal sales from competitors.

In Europe, Escom has blamed a higher-than-expected DM126m (\$94m) loss in 1995 - and the need for a DM100m infusion of new finance - on slowing PC sales growth, price cuts and stock write-downs.

Escom's problems in part reflect the weak 7 per cent growth in PC sales in Germany in the fourth quarter.

A slowdown in PC sales in markets such as the US and Germany could have wide-spread repercussions. The \$120bn-a-year (\$78m) PC market is a primary driver of growth in semiconductor sales, which grew by almost 40 per cent last year.

Doubts about the strength of some segments of the PC market

Europe's stuttering PC growth

	Q4 1994	Q4 1995	% CHANGE
Belgium	95,855	130,451	36.1
Denmark	107,111	138,615	29.4
Finland	68,520	91,705	33.8
France	615,269	744,183	21.0
Germany	967,707	1,035,193	7.0
Italy	345,290	454,678	31.7
Netherlands	255,369	325,329	27.4
Spain	206,208	236,164	14.5
Sweden	196,606	238,237	21.2
Switzerland	143,553	160,052	11.5
UK	667,756	874,854	31.0

Source: Dataquest



MANFRED SCHMITT CHIEF EXECUTIVE OF ESCOM

bet began to emerge this year when Apple Computer and AST Research reported losses.

Until now, however, it has appeared that the PC industry's problems have been limited to the fickle consumer. While sales of home computers over Christmas were strong, in some markets they failed to live up to the inflated expectations of the industry, according to analysts.

Just under 60m PCs were shipped in 1995, up about 25 per cent. But in the US, growth was a more modest 21 per cent prompting some analysts to suggest that PC sales in the more mature markets could be approaching saturation levels. Dataquest has forecast world-

wide PC sales growth of 19.5 per cent in 1996 with US sales growing just 13.5 per cent.

Despite this, it came as a shock to Wall Street when Compaq - the blue chip of the industry - said February sales to North American corporate customers had not met anticipated growth levels.

Compaq tried to allay fears of broad slowdown in PC sales. "People are wanting to suggest that there is a demand issue here... but we think it is still a strong market," says Mr Daryl White, Compaq chief financial officer. Rather than sluggish demand, Compaq faces intense competition.

Analysts said renewed efforts by some of the world's

largest computer companies to increase their shares of the PC market were putting pressure on Compaq. In particular, Compaq was feeling the heat of competition in the market for PC servers where it is the dominant supplier with an estimated 36 per cent share.

IBM's PC server sales grew 29 per cent in the fourth quarter versus the same period in 1994, IBM said.

For Compaq, maintaining leadership in the corporate segment of the PC market is critical because these sales carry higher profit margins than sales through retail channels.

Compaq's tactics will spark off a price war as competitors respond with matching or

deeper price cuts. The result would be a decline in profit margins throughout the industry, analysts said. Already, PC manufacturers have seen profit margins plummet from an average of about 40 per cent of revenues to less than 20 per cent over the past three years.

That slide was precipitated, in large part, by Compaq's 1992 decision to sacrifice profit margins for market share growth. As PC prices fell by about 30 per cent, Compaq rose from fourth place in the world PC market to first place by 1995. Now Compaq appears to be determined to do it again - driving down prices and profit margins to maintain its market leadership.

The result, say analysts, could be a broad shake-out in the PC industry. Smaller PC manufacturers look vulnerable. In particular, regional suppliers, such as Escom, are likely to come under pressure.

The European PC market is dominated by global manufacturers such as Compaq and almost all the indigenous PC manufacturers including Olivetti, Bull and ICL, have been losing money.

"In order to compete you have to be a global producer," says Mr Andreas Barth, Compaq's European senior vice-president.

Ironically for Escom, its problems in part reflect its ambitious international expansion programme. Last week, Escom acknowledged the expansion had led to higher initial costs than planned. Escom said it now viewed 1996 "as a period of consolidation".

Such retrenchment appears to leave the way open for the big global brand manufacturers, such as Compaq with their deep pockets and sophisticated marketing techniques, to strengthen their hold over the maturing markets of the West, while looking for growth in emerging markets.

Louise Kehoe and Paul Taylor

New Aids drugs primed for US

By Daniel Green in London

A package of powerful new Aids drugs is likely to go on sale in the US following approvals from the US Food and Drug Administration.

On Friday, the FDA approved ritonavir, made by Abbott Laboratories, for people seriously ill with Aids.

The FDA advisory panel, whose recommendations are usually adopted, also said that indinavir, made by US company Merck should also be approved.

Mr David Kessler, FDA Commissioner, said ritonavir "provides real hope for patients with Aids. Patients will live longer".

Its approval came in a record 72 days - and the day after the advisory panel recommended it.

Both new drugs are members of a new and promising class of Aids treatments called protease inhibitors. The first protease inhibitor, saquinavir,

made by Switzerland's Roche, was approved in December 1995, although the FDA said it was weaker than others then in the pipeline.

London stockbroker Lehman Brothers forecasts annual sales of \$50m-\$55m a year for each protease inhibitor.

Older Aids drugs, called nucleoside analogues, inhibit the early development of HIV, the virus that causes Aids, while the protease inhibitors attack the disease in its more advanced stages by interfering with an enzyme crucial to the survival of the virus.

The FDA said data on ritonavir showed it could reduce HIV disease progression and mortality in people with an advanced infection.

Abbott studied 1,090 advanced Aids patients, giving half ritonavir and half a placebo. The ritonavir patients had a 55 per cent lower risk of worsening or dying for at least six months.

Abbott also tested 348 healthier patients who had never tried other Aids medicines. They received either ritonavir alone, standard therapy with AZT, made by UK company Glaxo Wellcome, or a combination of the two.

Ritonavir did not clearly prolong survival, but while the AZT patients' condition worsened, the ritonavir patients had stronger immune systems and less virus in their bloodstreams.

Combining drugs is likely to become the standard way to treat Aids, mainly because it slows the virus' ability to mutate to resist treatment. HIV can quickly become resistant to many Aids medicines.

Ritonavir, sold under the brand name Norvir, must be used with caution, doctors warned. It interacts dangerously with other common medicines, from heart drugs to allergy relievers.



Capsules of Norvir prepared at Abbott Laboratories in Chicago

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COMPANIES AND FINANCE

BET defence to focus on textile services

By Geoff Dyer and Daniel Bögl

BET's defence against the £1.9bn hostile bid from Rentokil is expected to highlight the performance of its textile services division as an example of the improvements already achieved by the current management.

The business services group, which has until March 11 to publish its defence, is likely to argue that there are few other ways Rentokil could improve profits at the division.

In an interview, Mr Graham Kettle,

BET director for textile services, claimed the division had already achieved high margins for the industry and had invested heavily in sales and marketing over the last two years.

Mr Kettle said: "In the 1980s, cash from the division was used to fund the expansion of the group and in the early 1990s it was used to pay off debts. Now it is being used for organic growth." Rentokil, the industrial services group which published the offer document for its bid last Monday, refused to be drawn on specific plans for BET's textile services division.

However Mr Clive Thompson, chief executive, said: "Our managers have increased margins before at businesses which were performing above the industry average." He pointed to the example of Tropical Plant Rental, which had been the leading US company in the sector when Rentokil acquired it in 1988. Since then margins had been improved from below 10 per cent to nearly 22 per cent.

He added that Rentokil could reduce costs by using the organisation for its healthcare business to run BET's textiles division.

Outlining BET's strategy, Mr Kettle said that margins had risen from 14.3 per cent in 1993-94 to 18.7 per cent in the first half of the current financial year, making them the highest in the group and in the top quarter of companies in the industry.

Over the last two years, capital expenditure had been 127 per cent of depreciation and return on capital was 33 per cent in the first half. Productivity had been improved so that each of the division's 1,000 vehicles made an average 80-90 visits to customers a day.

Analysts are forecasting that the textile services division will make profits of \$22m in the year to April 1, at a margin of about 17 per cent.

Mr Nigel Utley, analyst at Greig Middleton, said: "It is hard to see where Rentokil will improve the business, although it has shown before that it can raise margins whatever."

Mr Charles Pick, analyst at Panmure Gordon, said that in the late 1980s it had been common for BET's textile business to record margins of over 20 per cent, although this had been using different accounting rules.

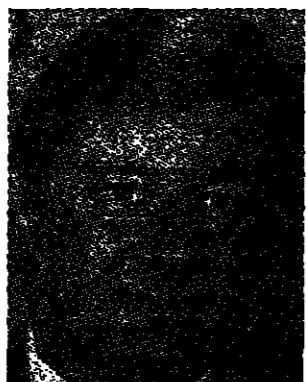
Aiming to turn lossmakers into winners

Neil Buckley on how two entrepreneurs have built up retail empires

In a retail sector dominated by large, quoted groups, an unusual phenomenon has been occurring. In recent years, two entrepreneurs with somewhat controversial pasts have quietly assembled retail empires with combined turnover approaching £1bn.

Store chains controlled by Mr Philip Green - who added discount chain Mark One to his portfolio this week - and the Facia group, owned by Sheffield-based Mr Stephen Hinchliffe, are now the UK's biggest privately-owned retail groups after C&A and Littlewoods. As to who is bigger, Mr Hinchliffe claims to have more stores; Mr Green higher sales.

They have achieved their feat by buying up poorly-performing and loss-making chains at knock-down prices, often from larger groups keen to be rid of them. But where did they - and their money - come



Stephen Hinchliffe (left) and Philip Green: conscious of City scepticism about their chances of success, but are defensive



from? More importantly, can they make a success of the mixed bag of businesses they now control?

For Mr Green, 43, this is the second time he has built up a retail empire. The fast-talking, mobile phone-toting north Londoner rose to prominence, appropriately, in the boom years of the 1980s when he led the £5.5m takeover of Amber Day, then a struggling men's wear group. He returned it to profits, and made it a star stock market performer, in two years.

By 1992, however, he was forced to resign, after the £47m

acquisition of Scottish discount chain What Everyone Wants, led to a fall in profits and the share price - the latter exacerbated by a series of unfavourable press reports of Mr Green's associates and deals.

The experience left him deeply suspicious of the City, and convinced he is not suited to a quoted-company environment. He aims to keep his new businesses privately-owned.

"Maybe I get misunderstood," he says. "Maybe I talk too much."

Mr Green did not wait long to begin his comeback. Proceeds from selling his 10 per

cent Amber Day stake in April 1993 bought Parker and Franks, later transformed into the Xceptions discount chain. In December 1994, Mr Green acquired Owen Owen, the UK's fifth-largest department store chain, including names such as Lewis's of Manchester. In April 1995, he bought One-Up, the discount chain later sold to Primark.

Three months later came Owen & Robinson, which was put into administration and then sold last month after Mr Green reached a voluntary agreement with creditors on a refinancing. Last autumn, he bought the Olympus sports-wear chain from Sears, with Mr Tom Hunter, who runs the Sports Division chain. This month's acquisition of Mark One has brought his business' turnover to £500m, and employees to 10,000.

He will not reveal the total cost of the businesses, saying only they were funded from "conventional bank facilities and private cash". But the buying spree, for the moment, is over. "It's time to consolidate. There are some interesting things around, but we have to make the stores we have already got work."

By fine-tuning product offers, exploiting the overlap of suppliers across the chains, and renegotiating expensive leases, Mr Green is convinced his group can be profitable.

Analysts' views are mixed. "Mr Green is a real trader, and drives a hard bargain,"

says one. "But there's more than that to running a retailer. The creation of Facia also marks something of a comeback for the 45-year-old Mr Hinchliffe."

The imposing, fair-haired Yorkshireman emerged as a master deal-maker in the 1980s, when he had computer and property interests, and was instrumental in the buy-in/buy-out of Wades furniture stores from Asda, ending up with a 40 per cent holding. Wades was sold to Waring and Gillow for £7.3m in 1987.

Mr Hinchliffe reversed his computer company into Lynx Group in 1989, in exchange for a 25 per cent stake, and became chairman of the new parent group Lynx Holdings, before leaving after disagreements in 1992.

His retail ambitions emerged in August 1994 when he bought the loss-making Salisbury's chain from jewellery group Signet for £3.18m. Sock Shop followed in October, and then Torq, the jewellery chain bought from the receiver, and fashion chain Red or Dead, bought for a "substantial cash sum" in January 1995.

In quick succession, Mr Hinchliffe added Oakland Menswear, Contessa, the lingerie chain, Colibri of London, the men's accessories company, and French & Scott, the cosmetics and toiletries group. By summer he was snapping up 245 shops in the Freeman Hardy Willis, Trueform, and Mansfield footwear chains

from Sears. He added a further 134 Saxeone and Curtess shoe shops from Sears last month.

The acquisitions have left Facia - of which Mr Hinchliffe owns 100 per cent - with 300 stores, 7,700 employees, and annual sales of more than £300m. "We have reached critical mass," he says, but does not rule out further acquisitions. A women's wear retailer has several times been mentioned as a possibility.

Mr Hinchliffe affects irritation when asked how he can turn around his underperforming chains. He says he has not bought "wrecks", but "well-established businesses which have lost their way."

"Everyone misses the point," he says. "What we have not done is buy the [head office] overheads as well. We have bought chains of stores with sizeable contributions."

His formula for turning the businesses around is similar to Mr Green's - establishing a leaner head office operation than the large quoted groups, and refocusing what he believes are strong brand names. His first accounts, published in April, should provide a clue to progress.

Both Mr Green and Mr Hinchliffe are conscious of City scepticism about their chances of success, but are defensive.

"I still think my track record stands up against anybody in the country, in terms of the things I have managed to achieve, and the companies I have bought," says Mr Green.

NEWS DIGEST

Record month for Liffe in February

The London International Financial Futures and Options Exchange (Liffe) saw the busiest month in its history in February, with the number of contracts exchanged rising year-on-year by more than 50 per cent. A sharp increase in volatility in international bond markets was the main reason. "This present phenomenal increase in volume has taken place against a background of uncertainty surrounding European interest rates and turbulence in the US bond market," said Mr Daniel Hodson, chief executive. Trading levels broke the previous record set in February 1994 when rises in US interest rates triggered a big increase in activity.

Liffe also experienced its second busiest day since it opened in 1982, with 1.4m contracts traded on February 20. On March 2 1994 1.8m contracts were traded. The upturn in business follows a fall of some 13 per cent in 1995, mainly as a result of greater stability in international markets following the turmoil of the first half of 1994.

Mr Hodson said the German government bond was now Europe's leading bond contract, with over 5m traded in its February. The increase seems likely to strengthen Liffe in its competition with the Frankfurt-based Deutsche Terminbörse. Between seven and eight of every 10 German government bond futures contracts are traded in London. Richard Lapper

Kaiser abandons merger plan

A plan to create the world's third largest aluminium producer fizzled out at the weekend when Kaiser Aluminum abandoned its attempt to lure its bigger US rival Alumax into a merger, valuing Alumax at up to \$2.5bn. Alumax had firmly rejected the offer and reinforced its determination to resist a hostile takeover by instituting a "poison pill" shareholder rights plan.

Kaiser had faced a Saturday deadline to submit proxies to pursue a battle for control of Alumax at the company's annual meeting in May. Mr George Hymaker, Kaiser's chief executive, claimed there had been "every indication" Kaiser would have received "very significant support" from Alumax shareholders for a new slate of directors. "However, such measures initiated by Kaiser would not likely result in a constructive dialogue between the companies," he said. Richard Tomkins, New York

Elektrowatt in talks on UK sale

Elektrowatt, the Swiss electricity and engineering group, said it is in talks with several potential purchasers for its 42 per cent holding in Eurodis Electron, the UK electronics component distributor. Fueling further speculation that Eurodis Electron faces an imminent hostile bid. Any trade purchaser of the Elektrowatt stake - worth around £100m - would be obliged to make an offer for the rest of the shares.

Elektrowatt, controlled by Credit Suisse, said it was "confident" of finding a buyer for the holding, which was put up for sale in December following the Swiss group's SFr1bn (£830m) purchase of Landis & Gyr, the electronics group. It also put its 29.9 per cent stake in Unitech, the components concern, on the market.

Talks with one party are thought to be at an advanced stage, although Elektrowatt refused to comment. Arvo and Avnet, two US component distributors with strong European ambitions, are thought to be among the interested parties. The company said it had set a summer deadline for the sales. Christopher Price, London and Thierry Meyer, Zurich

Body Shop statement today

Body Shop International, the UK-based "green" cosmetics group, plans to issue a statement to the Stock Exchange this morning regarding its founders' plans to buy back the company. Yesterday, it declined to comment on a report in the Sunday Times that Anita and Gordon Roddick, chief executive and chairman respectively, had called off the buy-back plan.

The newspaper quoted bankers as saying it was not a lack of finance which scuppered the deal but that the Roddicks' interest in the buy-back had cooled. Last November, the Roddicks, who floated the business for £4.6m in 1984, said they were in discussions with banks on turning the business into a charitable trust. They appointed Morgan Stanley to arrange the financing. On Friday, Body Shop's shares closed at 148p giving the company a market capitalisation of £281m. Antonia Sharpe

Bremer Vulkan loan hopes

Bayerische Vereinsbank, the German bank, has confirmed it is considering granting a loan to Bremer Vulkan, the country's largest shipbuilder, which last month sought protection from its creditors after reporting DM1bn (£678m) losses for 1995, but will impose strict conditions, including an insistence workers would not receive compensation in the case of bankruptcy. If negotiations to extend loans are agreed with Mr Jobst Wellensiek, the court-appointed administrator for Bremer Vulkan, this would be the first time Vereinsbank had granted any credits to the shipping group.

Bremer has outstanding bank debts of over DM1.4bn owed to a consortium of 40 banks headed by Commerzbank. Vereinsbank denied reports in Die Welt am Sonntag newspaper that it would grant a "three-digit-million mark loan, saying the figure was much lower. Judy Dempsey, Berlin

Navigation Mixte in the red

Navigation Mixte, the French holding company for which Paribas has launched a takeover bid, reported losses of FF1.507bn (£298m) for 1995, against profits of FF787m in the previous year. An operating profit of FF770m was wiped out by two substantial charges. Navigation Mixte also reported a loss of FF470m reflecting changes in the value of the shares it holds in Allianz Via Holding France, an insurance investment. It is currently pursuing a case against Allianz, the German insurer, in relation to the business. Andrew Jack, Paris

Daewoo Electronics ahead

Daewoo Electronics, the South Korean consumer electronics company, reported a 35 per cent increase in net earnings to Won47.2bn (\$60m) for 1995 as sales rose by 25 per cent to Won3,126bn. The growth was mainly due to increased exports, which now have higher margins than domestic sales following a recent price war in the domestic market. Daewoo has boosted shipments to developing countries, while accelerating production in the European Union and the US. It has set a 1996 sales target of Won4,000bn, and plans to spend Won1,000bn on research and development. John Burton, Seoul

Hyundai Precision up 25%

Hyundai Precision & Industries, one of the world's largest container producers, reported a 25 per cent rise in net earnings to Won23.3bn (\$30m) for 1995 as sales rose by 25 per cent to Won1,986bn. Risk demand for its four-wheel drive vehicle, the Galloper, and higher sales of containers and machine tools contributed to profit growth. It also benefited from a 80 per cent rise in exports to Won511bn. Hyundai estimated sales of Won2,740bn for 1996. John Burton

Johnson & Higgins expands

Johnson & Higgins, the large US-based international insurance broker famous for arranging insurance for the Titanic, has agreed with the purchase of a small Scottish broker, Corporate Risk. Mr Dan Jones, head of J&H's European operations, said the deal was a significant step for the privately-owned group because it had previously largely eschewed acquisitions in the UK. He said further deals could follow and did not rule out J&H acquiring a listed UK-based broker. "We have tended to grow on our own. This is an important step for us," Mr Jones said. "Our strategy is to become the dominant player in the large account market place for UK risks." Ralph Atkins, Insurance Correspondent

TOTAL 1996 CHANGE IN SHAREHOLDING

TOTAL: SALE OF 4% OF THE CAPITAL BY THE FRENCH STATE.

At its February 27 meeting chaired by Thierry Desmarest, the Board of Directors of TOTAL examined the modifications to be brought in the Company's relationship with the French State, in the light of the State's desire to sell shares representing 4% of TOTAL's capital.

The State and the Company have decided to revise their existing agreements, which expire on March 14, 2000. In particular, the number of the French State's representatives on TOTAL's Board of Directors will be reduced from two to one.

This modification of the existing relationship is set forth in a draft letter to which both the State and the Company have agreed. The terms of the letter have been approved by TOTAL's Board of Directors. The letter and subsequent modifications in the bylaws will be submitted to shareholders for approval at the Company Extraordinary General Meeting in June.

The Board of Directors also gave its approval for the sale in the market by the French State of 9.3 million shares, equivalent to 4% of the Company's capital. The sale can occur as soon as market conditions will allow it. Following this transaction, the French State will hold around 1% of TOTAL's capital.



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One last try for Regal buy

By David Blackwell

Regal Hotel Group and Granada will today announce that a final attempt will be made this week to conclude negotiations over the sale of the White Hart hotel chain.

Regal agreed in January to pay £122m to buy 67 of the 72 White Hart hotels then owned by Forte, the hotels group. Granada, the TV and leisure group which took over Forte for £3.9bn at the end of January, had the right to rescind the contract.

However, the two sides have continued to negotiate, extending Granada's right to rescind twice. They will announce today that the deadline of midnight last Friday has been extended by one week.

Mr Charles Vere Nicoll, chief executive of Regal, said yesterday that the negotiations were at an advanced stage, but technical issues were still under discussion. "There is a willing buyer and a willing seller, so one has to believe the technical issues can be resolved."

The deal would transfer Regal, which was founded in 1993 with three hotels and now has 22. The group, which gained a full listing in May last year, would quadruple in size, giving it a strong presence at the smaller end of the three-star provincial hotels market.

Mr Nicoll said the group, which would pay in cash, had had a "warm response" from its institutional shareholders and bankers. He added that this would be the last extension of the talks.

The deal would be Granada's first disposal of Forte assets since the takeover.

US Prudential back in the black with \$579m for 1995

By Richard Waters in New York

Prudential Insurance of America returned to profit in 1995 with after-tax earnings of \$579m, though the giant US insurance and financial services group remains only halfway through the restructuring under way since an overhaul of its top management 15 months ago.

The mutual concern's latest earnings represent a rebound from losses of more than \$1bn the year before. However, on a capital base that averaged more than \$10bn during the year the results still fall far short of those of its more profitable rivals.

The US group's 1994 results had been hit by the costs of compensating investors in limited partnerships sold by its securities subsidiary in the late 1980s, and by the falling bond market.

Last year, by comparison, the group benefited from the resurgence of the bond market, and from cost-cutting undertaken by the group's new chairman, Mr Arthur Ryan.

Since arriving at the Prudential, Mr Ryan has also pushed ahead with a flotation of the group's reinsurance company and mortgage underwriter and servicer, and cut the company's exposure to catastrophe losses through its property/casualty business.

Though arguably not sold for the best possible prices, these disposals have achieved the desired result of greatly reducing the volatility in Prudential's earnings, said Mr Mark

Puccia, a managing director at Standard & Poor's, the US ratings agency.

The Prudential also rebuilt its capital base last year by raising \$700m through the sale of surplus notes and \$681m in unrealised investment gains. Together with retained earnings, this lifted its capital by \$1.15bn, from a year before, to \$11.5bn.

The stronger financial footing makes the Prudential better able to meet the costs of settling legal claims arising from the sales practices of some of its agents.

Along with several other big US life insurers, the group's sales practices have been under investigation by a number of state insurance commissioners.

The Prudential is expected to agree a settlement running into hundreds of millions of dollars to put the controversy behind it.

Even if the settlement tops \$1bn, they could easily absorb it, said Mr Puccia. However, such a large settlement could hurt the group's reputation and damage future sales of insurance products, a concern that made it likely S&P would reconsider the insurer's debt rating if it agrees a big settlement, he added.

Mr Lawrence Mayewald, an analyst at AM Best, the insurance rating concern, said the biggest factor in the Prudential's credit ratings surrounded its "ability to rebuild its earnings momentum". The group was likely to turn in earnings in 1996 roughly in line with the 1995 level, he said.

COMPANIES AND FINANCE

Move to speed up launch of German digital TV

By Judy Dempsey in Berlin

A multimedia consortium led by Bertelsmann, Germany's largest media and publishing group, has given Deutsche Telekom, the state-owned telecommunications network, the go-ahead to order 100,000 set-top boxes for the launch of digital television later this year.

Set-top boxes decode television signals to allow video on demand, home shopping, banking and other interactive television services.

The Multimedia Betriebsgesellschaft (MMBG) consortium, which includes Deutsche Telekom and Canal Plus, the French commercial television network, wants to speed up the launch of digital television.

US companies regard Germany as an attractive target because it is one of Europe's fastest growing media and television advertising markets.

However, MMBG is still waiting for final approval from the European Commission, which in 1995 blocked earlier plans by Bertelsmann, Deutsche Telekom and the German Kirch media group to create a standard set-top box.

"We are reasonably optimistic we will obtain approval this time," the consortium said.

Deutsche Telekom is today expected to hold a meeting in

Darmstadt, its technical headquarters, with five companies, including Philips of the Netherlands and Thomson of France which are competing to secure the contract to supply decoders to MMBG.

"Once the decoders are ordered, we hope we can launch digital television by the autumn," the consortium said. But MMBG will face domestic competition from Kirch.

MMBG failed last month to get Kirch on board, fuelling fears that the domestic market would be split between rival systems. Kirch has ordered 1m decoders from Nokia, the Finnish electronic and telecommunications group.

Despite the breakdown of talks, there are signs that Kirch might join MMBG, but on conditions the consortium might find difficult to accept.

Kirch wants "a common interface system" allowing the consumer access to the MMBG package of programmes and the Kirch package but through one set-top box. The exchange of a module in the decoder would allow the consumer to switch between systems.

"If that system could work, it would give the consumer choice but it would also show which system was more attractive for the market," a media analyst said.

Meanwhile, there are unconfirmed reports suggesting that whether or not Kirch and MMBG reach agreement, Kirch is planning to set up its own digital television consortium, backed possibly by Debit, the services division of Daimler-Benz, and even Veacom, the telecommunications division of Veba, the industrial conglomerate which has agreed in principle to take a stake in MMBG.

KPN, the Dutch telecoms group, wants to become a strategic partner in Slovak Telecommunications, the national Slovakian telecoms company, reports AFP News.

Het Financieele Dagblad reported that transport minister Ms Annemarie Jorritsma had discussed this with her Slovakian counterpart Mr Alexander Rezes.

A PTT Telecom spokesman confirmed it was interested in view of its presence in the Czech Republic and Hungary, but said it was much too early to say anything concrete about it.

The company already has a partnership, Ispyspol, with the Slovaks and Czechs, for training and exchange of software and hardware.

Slovak Telecommunications told the paper it was looking for partners to finance its projects.

De Crespigny wrong-footed by Minorco

Anglo American's unit has abruptly ended a 10-year relationship, says Kenneth Gooding

What started 10 years ago as a warm and wonderful relationship between Mr Harry Oppenheimer, doyen of the world's mining industry, and Mr Robert Champion de Crespigny, then a brash newcomer in Australia, seems certain to end in recriminations and tears.

Mr Oppenheimer, whose Anglo American Corporation of South Africa is the world's biggest natural resources group, chose Mr de Crespigny as his representative in Australia. In 1987, their association was solidified when Anglo allowed its Australian offshoot to be taken over by Poseidon, then Mr de Crespigny's vehicle for mining expansion.

In the past, Mr de Crespigny has described Anglo as "an excellent partner and great supporter". But the relationship was abruptly ended on Friday when Anglo, via its subsidiary, Minorco, sold its 19 per cent shareholding in Mr de Crespigny's Normandy Poseidon group. Most of the stake was taken by Newcrest, another Australian gold producer, and analysts assume a bid battle is looming.

Minorco's unfriendly gesture could not have come at a worse time for Mr de Crespigny. He was about to complete a four-way merger between Normandy, Posgold, Gold Mines of



Harry Oppenheimer: unhappy with Normandy's proposed four-way merger

de Crespigny, particularly now he has ambitions to build Normandy into a substantial player in the international arena, not just in Australia.

He made a big leap in this direction last year when Normandy took a 60 per cent stake in La Source Compagnie Minière, a joint venture based in Paris in which state-owned Bureau de Recherches Géologiques et Minières (BRGM) is the minority partner. This enabled Normandy to accomplish an international expansion programme that otherwise might have taken 10 years.

It also took it into mining projects in Africa, opening the way for conflicts of interest with Minorco, but there was no falling out at that time. In fact, it was Anglo that steered BRGM towards Mr de Crespigny when it put out feelers about the joint venture.

It is now 10½ years since Mr de Crespigny set up in the mining business on his own, using A\$500,000 accumulated when working for a Perth accounting firm. Today his family's 11 per cent stake in Normandy is worth about A\$110m.

As he built up Normandy, Mr de Crespigny gained a reputation for keeping rivals off-balance with a series of very complex deals. Now it appears that a very simple deal by Minorco has wrong-footed him.

Kalgoorlie and North Flinders Mines to simplify his group's complex structure and, he hoped, enhance its value.

When Minorco's small stake in Posgold is included, the Anglo subsidiary will collect US\$250m and show a profit on the shareholdings, before tax, of \$90m. Minorco can find plenty to do with the cash. It has become the offshore operating arm of Anglo outside Africa and, if all its plans and projects come to fruition, Minorco would have to find about US\$2bn in the next five or six years.

According to Mr David Fisher, Minorco's finance director, when representatives from the Australian branch of the SBC Warburg investment bank

walked in with an offer for the Normandy shares, it was an offer Minorco could not refuse.

When Minorco's small stake in Posgold is included, the Anglo subsidiary will collect US\$250m and show a profit on the shareholdings, before tax, of \$90m. Minorco can find plenty to do with the cash. It has become the offshore operating arm of Anglo outside Africa and, if all its plans and projects come to fruition, Minorco would have to find about US\$2bn in the next five or six years.

Mr Fisher said Minorco had long ago changed from being a holder of minority interests in other mining companies into a hands-on operating group. Yet the Normandy merger would have reduced its stake in the combined Australian group to less than 10 per cent.

He made it clear Minorco was still interested in operating in Australia, one of the most important mining countries in the world.

Analysts suggest there were other potential areas for tension between Minorco and Mr

Femsa limits sales downturn to 5%

By Daniel Dombey in Mexico City

Steady demand for Coca-Cola, increased exports of beer, and a quickly growing packaging division helped Femsa, Mexico's largest drinks and consumer group, to limit a sales decline for 1995 to 5 per cent, despite a brutal recession which shrank consumer purchasing power by 21 per cent.

Turnover for 1995 stood at 13.5bn pesos (\$1.6bn), while operating profit was 1.2bn pesos, a 16 per cent fall in real peso terms compared with 1994. Net profits for the year of 460m pesos compared with a loss of 706m pesos the previous year.

For the fourth quarter, sales dropped 13 per cent to 4.7m pesos while operating profits fell 39 per cent to 366m pesos. Foreign exchange losses caused by a falling peso led the company to record a loss for the quarter of 242m pesos.

Despite the severity of the Mexican recession, volumes fell by only 1 per cent and prices remained steady in real terms at Coca-Cola Femsa, the company's soft drink division, in which Femsa has a 51 per cent stake and which provides 35.5 per cent of group sales.

While such figures reflect the relative inelasticity of demand for Coca-Cola in a market where soft drinks are seen as necessities rather than indulgences, analysts said the use of more expensive presentations by Pepsi bottlers may have helped Coca-Cola Femsa increase its market share.

However, Femsa Coca-Cola's Argentinian operations experienced a depressed year, with a

6 per cent fall in volume. The income statements for Femsa and Femsa Coca-Cola, which is independently listed, were also affected by the companies' conservative calculation of the consequences for the monetary position of debt taken out to invest in the Argentine operations.

By the companies' estimates, without this change, Coca-Cola Femsa's net income for 1995 would have been 95m pesos higher than the 356m pesos recorded.

The more elastic demand for beer in the Mexican market was illustrated by a 3.9 per cent fall in volumes for the year despite price increases of half the 52 per cent rate of inflation for Femsa Cerveza. Femsa's brewing wing which provided 38 per cent of total sales.

However, the company's market share remained steady throughout the year at around 46 per cent, possibly a sign that a more than 10-year decline in market share may have halted.

Femsa Cerveza also increased export volumes 21 per cent, despite a 5 per cent decline in sales in the US, its biggest market.

"Any kind of increase in export base beyond the United States is good news," said Mr Scott Wilkins, an analyst at ING Barings in Mexico City.

Femsa's packaging division, which analysts praise for being one of the most modern in its sector in Latin America, reported sales of 2.6bn pesos, a 32 per cent increase on 1994, and operating profit of 409m pesos. Its retail division, Oxxo, marked up operating profits of 24m pesos.

Disappointing results from San Paulo bank

By John Simkins in Milan

Istituto Bancario San Paolo di Torino, one of Italy's largest banks, reported disappointing results, with net profits for 1995 up only 6.6 per cent at L503bn (\$322m).

The comparison is on a pro forma basis, which takes into account the merger during the year with Crediop and Banca Nazionale delle Comunicazioni, formerly controlled by the state railways.

San Paolo, under the chairmanship of Mr Gianni Zandano, is at the heart of a powerful banking alliance which includes the banking group IMI and the partially privatised insurance company, Ina. The foundation which is the bank's holding company intends to cut its stake under 60 per cent.

"The results are considerable given that the bank continued to follow a policy of great caution and discipline in 1995," the bank said. Loan provisions of around L1.250bn had been made, compared with L800bn for 1994, and it now had a solid base on which to improve income.

However, James Capel, the UK stockbroker, called the outcome "marginally disappointing". Although San Paolo has impressed analysts with its restructuring, the broker had been looking both for higher than reported net profits and a L10 increase in the final dividend. This stayed unchanged

at L240 a share, giving a total payout of L196bn.

The tax burden, which totalled L206bn, was reduced due to the exemption of tax on L225bn of profits set aside in line with merger provisions in the Amato Law on banking liberalisation. The bank said that the same fiscal benefits would apply in 1996 and 1997.

The return on equity was 5.3 per cent compared with 4.5 per cent in 1994. A Milan analyst said that this was poor given the low tax burden and that it was also low in comparison with the market sector rate of around 6 per cent.

Milan securities houses said the improvement in gross operating profit, up 13.1 at L1.820bn, also compared unfavourably with 1995 results of some other Italian banks. The sector is recovering from the instability of bond and equity markets and narrowing interest margins of 1994.

Among the big banks, Banca Commerciale Italiana recently raised the dividend on ordinary shares from L125 to L150, on net profits up from L365bn to L342bn, and Banca Nazionale del Lavoro restored its dividend after a seven-year gap.

On Friday, when San Paolo announced its results, which will be presented to shareholders at the end of April, IMI confirmed that it would raise its dividend from L400 to L500. Net profits rose in 1995 from L804bn to L340bn.

This announcement appears as a matter of record only.

February 28, 1996

The French Republic

has sold 9,500,000 Ordinary Shares in



TOTAL

for an amount of

FFr 3,097 million

Crédit Lyonnais and Lehman Brothers acted as underwriters and placing agents for these shares, which have been distributed to investors worldwide.

LEHMAN BROTHERS



CREDIT LYONNAIS

Issued and approved by Lehman Brothers (Europe) which is regulated by the Securities and Futures Authority.

FINANCE

New masters and the soufflé effect

A drop in performance often follows a change of owners, says Norma Cohen in this new Monday column

What happens to a fund management house's performance when ownership changes hands? Does it respond like an industrial manufacturer, rejuvenated by new ownership, or is it more akin to a soufflé which collapses if the temperature changes?

A look at some fund management houses which have changed hands recently suggests the latter description may be more appropriate than the former.

Barings Asset Management, which was acquired by ING last year following the collapse of its former parent, is one example. Already entering 1995 with underperformance in UK equities, its median "balanced" portfolio turned in a return of 16.5 per cent for the year, against a median of 19.6 per cent for the industry, as measured by Combined Actuarial Performance Services, a widely used performance measurer for pension funds.

Newton Investment Management, which had enjoyed several years of spectacular returns, sold a 33 per cent stake to Royal Bank of Scotland in 1994. Newton underperformed the CAPS median by 3.9 per cent in 1994 and by 5.5 per cent in 1995.

Gartmore, the fund management company acquired last month by National Westminster Bank, outperformed competitors most years in the decade to 1993. But in that year its then owner, Banque Indosuez, floated a 25 per cent stake in the company. Since then, its performance has only straddled the median.

The pattern is not unique to the UK. Mellon Bank bought Dreyfus, the mutual funds group in 1994, at a time when more than half the funds in its stable were earning returns better than the average of their respective competitors. In the years since, the percentage of funds in that category has fallen to fewer than half, according to data from Lipper Analytical Services.

Investment consultants who advise pension funds on choice of fund manager have known for years that a change of ownership can signal a dramatic shift in performance. "The change of ownership is the greatest area of concern from a consulting standpoint," says Mr Len Brennan, managing director of investment consultants Frank Russell Co in London.

But he urges caution on clients who may think of switching managers, because the costs of moving from one active fund manager to another will cream roughly one percentage point off a portfolio's returns for the next year.

There is also no conclusive evidence that a change of ownership necessarily undermines performance. Indeed, there are numerous examples of fund managers which have thrived under new ownership.

Since Deutsche Bank acquired investment bank Morgan Grenfell in 1989, Morgan's one-sleepy fund management arm has become one of the UK's fastest growing houses. US-based Alliance Capital has become one of the world's few international fund management groups since its acquisition by Axa in the late 1980's.

What really matters, consultants say, is the nature of the change.

Little upset is likely, says Mr Brennan, when a passive owner - one which has allowed the fund manager to function more or less autonomously - sells the business to another passive owner.

The problem is that few owners are passive. Most, he notes, are hoping for some synergies with their existing businesses. It is the process of merging investment strategies and mar-

keting styles which causes the greatest upset. In the case of Newton, the firm took on the running of a significant number of retail funds on behalf of Royal Bank of Scotland, almost a new enterprise for it. And its funds under management grew sharply.

A difference of investment styles appears to have been a factor in the recent breakdown of talks over the possible acquisition by Friends Provident of British Coal's in-house pension fund manager, CIN-Man. During takeover discussions it became obvious that CIN-Man's contrarian style would not fit easily in the Friends Provident mould.

Other consultants note that fund management companies often change hands just at the point that the dynamic managers which run them are approaching retirement age. "The question is whether the management is just cashing in their chips," says Mr Nigel O'Sullivan, partner in the investment practice at actuarial consultants Bacon and Woodrow. Even if these managers are tied into the firm with "golden handcuffs", these may be too old and too rich to care much about how the business grows.

"The problem is we are in a one-generation business," says Mr John Casey, partner at RogersCasey, a Connecticut-based investment consulting firm. "The question is whether they have invested in a younger generation of investment managers. The firms more prone to do less well (after acquisition) are those where the principals are cashing out without having trained anyone to follow them," he says.

These sobering thoughts may dampen the enthusiasm of the insurance companies and banks, some of which are paying historically high prices for businesses which offer considerable risks. After all, poor performance leads to a loss of funds under management and that means lower revenue.

FUND MANAGEMENT

Wellensiek in the Bremer Vulkan hot seat

In Germany he's known as 'Mr Composition'. Jobst Wellensiek is the 64-year-old lawyer brought in by shipbuilder Bremer Vulkan to oversee Verleigh (composition), a particularly German procedure which attempts to stave off bankruptcy by reducing and rescheduling a company's debts, Judy Dempsey writes.

Wellensiek, who set up as an insolvency expert in Heidelberg in 1964, has been involved in over 350 cases since then and now employs some 70 specialists in the field.

He is a very direct, open man, with a knack of explaining complicated financial affairs in terms the layman can understand. He is sensitive to those whose jobs are on the line, but outspokenly critical when he thinks management has been lax.

His career tracks the decline of some of Germany's industrial giants. In the late 1980s, he dealt with the Bavarian-based Maxhütte steel works, a three-year marathon where he ended up saving 1,500 of the 4,575 jobs. Today, he is winding up PPA, the east German CD manufacturer which failed to ride out German unification.

Insolvency work pays well; his office has already been given DM10m (\$6.8m) by the banks to cover Bremer Vulkan's legal fees. But the shipyard's workers



FACES

Sharon learns history's hardest lesson

Some liberators are just not appreciated, Nicholas Denton writes. Andre Sharon, head of Merrill Lynch's European research department, was going to free the analysts of Smith New Court. As part of the UK marketmaker, they were at the back of its dominant sales and trading business; as part of Merrill Lynch, they would have the independence that comes from providing services to several divisions.

But Smith's analysts have proved a surprisingly conservative lot. The erudite Sharon likes reminding people that, when the Bastille was liberated during the French Revolution, some prisoners refused to leave. Just over a week ago, there was a full-scale revolt by some of his analysts. In the management reshuffle which followed, Sharon lost many of his day-to-day responsibilities.

Even Sharon's opponents in the turf war acknowledge his broad mind. He was brought up in Egypt, Jewish by religion, speaking French at home and going to an English-style public school. Most of his career was spent in the US as an analyst at one of the firms that made up Drexel Burnham Lambert. He commands great loyalty from

employees who have had the time to get to know him. But Smith analysts have not had that time, and had to cope also with differences of age and culture.

But above all, Sharon was the personification of the global identity and procedure which Merrill is gradually imposing on Smith.

There was not much he could do about that. "Probably I should have explained a little more," says Sharon. "Whether people would have heard is another question."

BZW ages but the Band plays on

It is a decade since London's Big Bang, when the structure of the securities industry was blown into a new shape by the abandonment of fixed commission and the distinction between firms of stockbrokers, who advised investors, and jobbers, who made a two-way market in shares.

At BZW, the investment banking arm of Barclays, chairman Sir David Middleton and chief executive Peter Band don't intend to let the 10th anniversary pass unmarked. The firm - formed from a merger of Barclays Merchant Bank, broker de Zoete & Bevan and Jobber Weid Duracher - is taking over the entire set of banqueting rooms at London's luxury Savoy hotel on May 7.

It is perhaps lucky that Granada, the British media and catering company which numbers BZW among its



David Band, chief executive of BZW, has booked the Savoy's entire set of banqueting rooms on May 7 to mark the investment bank's 10th anniversary

advisers, succeeded in its host bid for hotels group Forte, which has a 68 per cent stake in the Savoy. The investment bank can be excused a soft spot for the hotel - and thoughts of its share of the £140m City advisory fee feast arising from the takeover will no doubt help slow the rush of blood when the party bill is presented.

Golfer negotiates a Hungarian minefield

There was a sigh of relief all round in Budapest last week when Hungary's Socialist-led government opted for Peter Medgyessy as its new finance minister. The BUX index - which had lost 5 per cent on the resignation of Lajos Bokros a week earlier - soared by 5.8 per cent as foreign buyers switched funds back to the country, writes Virginia Marsh.


Medgyessy, a 53-year-old banker, is well known in both local and international financial circles and analysts rate him as a safe pair of hands to lead Hungary through the minefield of welfare and public finance reform. While considered less dynamic than the charismatic Bokros, former colleagues say Medgyessy is more of a team player and a better communicator than his predecessor, whose bluntness and self-confidence irritated many in the cabinet.

Medgyessy, who is due to be sworn in today, is no stranger to the public sector. Before becoming head of Banque Paribas' local operations in 1990, he spent more than 20 years at the finance ministry, which he joined straight from taking a doctorate at Budapest's University of Economics.

He rose through the ranks to become deputy prime minister in 1988 in the last communist-era government, the reformist administration of Miklos Nemeth.

Medgyessy - a rare francophone in a local financial community dominated by English and German speakers - was canny enough to turn down the job last February. He said on Thursday he had accepted this time around because, unlike a year ago, there is no mistaking the Socialist's commitment to reform. Still, Medgyessy, an avid golfer, will have a tough task persuading many in the party, the former communists, to accept welfare and public spending cuts.

Hungary's sixth finance minister in as many years, he says he intends to stay in office until the next elections, due in 1998. But - no doubt with his predecessors' track record in mind - he has made sure that, should he have to step down before then, he can return to the Hungarian Bank for Investment and Development, of which he became chief executive after the Socialist's victory in 1994.



NOKIA
(Incorporated with limited liability in the Republic of Finland)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the shareholders of Nokia Corporation (the "Company") of the Annual General Meeting ("AGM") to be held on Tuesday, 2nd April, 1996 at 3.00pm at The Helsinki Fair Centre, Congress Wing, Congress Hall C1, Rautatiekatu 3, Helsinki, Finland.

The following matters specified in Article 12 of the Articles of Association will be on the agenda of the meeting:

- review of the annual accounts, comprising the Profit and Loss Account, the Balance Sheet, the Annual Report of the Board of Directors and the Consolidated Accounts;
- review of the Auditors' Report;
- approval of the Profit and Loss Account, the Balance Sheet, the Group Profit and Loss Account and the Group Balance Sheet;
- decision on any measures to which the profit or loss shown in the approved Balance Sheet or Group Balance Sheet may give rise;
- decision on discharging the members of the Board of Directors and the President from liability;
- decision on the number of members to serve on the Board of Directors;
- decision on the remuneration to be paid to the members of the Board of Directors and to the auditors;
- appointment of members of the Board of Directors; and
- appointment of the auditors and the deputy auditors.

The accounts for the 1995 financial year will be on display from March 26th, 1996 at the Company's Head Office at Eteläesplanadi 12, Helsinki, Finland, and the offices of Enskilda, Skandinaviska Enskilda Banken at 2 Cannon Street, London EC4A 3DF. The full annual report in Finnish, Swedish and English will be available at the Company's Head Office from March 26th, 1996 and will be sent to shareholders upon request to the Registrar. Copies of the full annual report will also be available from Enskilda from 26th March, 1996.

Shareholders who are registered in the Shareholders register not later than 22nd March, 1996 and who wish to exercise their voting rights at the AGM must give notice to the Company of their intention to attend not later than 29th March, 1996 at 4.00pm. Notice may be given to the Shareholders' Registrar in person at the Office of the Company at Eteläesplanadi 14, Helsinki, Finland, during office hours, or by telephone (358) 0 1807 390, or in writing to the Shareholders' Registrar, Nokia Corporation, P.O. Box 226, SF-00101, Helsinki, Finland. Written notice should arrive no later than 29th March, 1996.

The record date for the dividend for 1995 is 9th April, 1996. The Board will propose to the AGM that the dividend be paid on 16th April, 1996.

Helsinki, February 1996
Board of Directors of Nokia Corporation

NOTICE OF EARLY REDEMPTION

ELECTRICITE DE FRANCE
USD 250,000,000
7 7/8 % Secured Bonds due 2006

Notice is hereby given that pursuant to paragraph 7 (b), Redemption at the Option of EDF, the issuer has called for redemption on the next Interest Payment Date falling on 7 May 1996 all the outstanding Bonds, at 101%. The Bonds will cease to accrue interest on the Redemption Date.

Payment of principal and accrued interest will be made upon presentation and surrender of the Bonds together with all unattached coupons at either of the following offices:

BANQUE NATIONALE DE PARIS
Luxembourg S.A.
24 Boulevard Royal
L-2952 Luxembourg

BANQUE BRUXELLES LAMBERT S.A.
Avenue Marnix 24
B-1050 BRUXELLES

BANQUE NATIONALE DE PARIS P.C.
8-13 King William Street
GB LONDON EC4P 4HS

BANQUE NATIONALE DE PARIS
(Suisse) S.A.
Aeschengraben 26
CH-4002 BASEL

Luxembourg, 4th March 1996

Obayashi Finance International (Netherlands) B.V.
¥4,500,000,000
Floating Rate Notes due 1997

Interest Rate: 2.52% p.a.
Interest Period: 4th March, 1996
to
3rd September, 1996
Coupon Amount: ¥1,150,000,000 (on Notes of ¥100,000,000)

Payment Date: 3rd September, 1996

SANUKA TRUST INTERNATIONAL LIMITED
Fiscal Agent 4th March, 1996

£75,000,000 HMC FINANCING 3 PLC
Class A
Mortgage Backed Floating Rate Notes due December 2018

Notice is hereby given that there will be a principal payment of £3,000,000 per Note on the interest payment date March 15, 1996. The principal amount outstanding per Note is £28,136.49.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
March 4, 1996

£86,900,000 CARPS III Limited
Secured Amortising Floating Rate Notes due 1999

For the three month interest period February 29, 1996 to May 31, 1996, the rate has been determined at 6.2875%. The interest payable on the relevant interest payment date, May 31, 1996 will be £863.42 per £100,000.24 principal amount of Notes.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
March 4, 1996

THE THAI PRIME FUND LIMITED

(Incorporated in the Republic of Singapore)

Notice of Eighth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of the Company will be held at the Meeting Room, 3rd Floor, Investment Trust Department, The Nomura Securities Co., Ltd., Dai-ichi Edohashi Building, 1-9-1, Nihonbashi, Chuo-Ku, Tokyo, Japan on Wednesday, 27 March 1996 at 9.00 a.m. to transact the following business:-

- To receive and adopt the audited accounts for the year ended 31 December 1995 and the Directors' and Auditors' Reports thereon. (Resolution 1)
- To re-elect the following Directors retiring under the provisions of Article 118 of the Company's Articles of Association:
 - (a) Mr Katsuya Takanashi (Resolution 2A)
 - (b) Mr. Udom Vichayabhai. (Resolution 2B)
- To re-elect Mr Harunobu Aono retiring under the provisions of Article 109 of the Company's Articles of Association. (Resolution 2C)
- To re-appoint KPMG Peat Marwick as Auditors and to authorise the Directors to fix their remuneration. (Resolution 3)
- AS SPECIAL BUSINESS
 - (a) To declare a second and final dividend of US\$0.50 tax exempt per Redeemable Preferred Share for the year ended 31 December 1995 (Resolution 4A)
 - (b) To approve the amount of US\$10,000 proposed as Directors' Fees. (Resolution 4B)
- Any other business.

By Order of the Board
CLAIRE THAM LI MEI (MS)
Secretary
1 March 1996
Singapore

NOTE
A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 48 hours before the time set for holding the Meeting. There is no Directors' Service Contract in existence.

SIGMA SECURITIES S.A. - MEMBER OF THE ATHENS STOCK EXCHANGE		GREECE	
TEL: (301) 3311456 - 3245674	REUTERS PAGES: ATG3-H-I		
FAX: (301) 3252241 - TELEX 210733 ATRA GR	TELETYPE PAGES: 17890-1-2		
Contact Name: Mr John Maropoulos/Mrs Adina Dasypyl			
ASE INDEX	1017.31	P/E 95e (after tax)	13.4
%Chg (Prev. Wk)	4.21	P/E 94e (after tax)	15.3
Yearly High	1017.31	EPS QOQ/WH (M) 95e	20.9
Yearly Low	898.44	EPS 95e/94	11.7 / 12.4
WEEKLY VOLUME (USD m)	140.38	P/B 95e/94	2.7 / 2.4
%Chg (Prev. Wk)	25.39	Div. Yield (%) 95e/94	6.0 / 4.8
1 Yr Wk. Avg. (USD m)	130.88		
		GDP (USD bn) 95e	106.40
		Per Capita Income (USD)	10,804
		Inflation Rate (% Y.O.Y., January 95)	8.40
		12 Month T-Bill (% end of February issue)	13.40
		1-Month T-Bill (%)	11.86
		GDR/ISS	242.38
		A.S.E. Market Capitalisation - 1/3/96 (USD bn)	18.27
		POs & Rights Issues (in USD m) 1 Jan 96 - 1 Mar 96	47.32

Franchising

This survey will now be published on 7 March 1996

Lesley Sumner
Tel: +44 (0) 171 873 3308 Fax: +44 (0) 171 873 3064

FT Surveys

APPOINTMENTS

appears in the UK edition every Wednesday & Thursday and in the international edition every Friday.

For further information please call:
Andrew Greenfield on +44 (0) 171 873 4054
Toby Patten-Croft on +44 (0) 171 873 3486

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
Sterling Floating Rate Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from February 29th, 1996 to May 31st, 1996, has been fixed at 6.3125% per cent, per annum.

On May 31st, 1996 interest of sterling 78.55 per sterling 5,000 nominal amount of the Notes, and interest of sterling 397.77 per sterling 25,000 nominal amount of the Notes, will be due against Coupon No. 48

SBC Warburg
A DIVISION OF THE BANK CORPORATION
Reference Bank

BUSINESSES FOR SALE

Appear in the Financial Times on Tuesdays, Fridays and Saturdays.

For further information or to advertise in this section please contact
Lesley Sumner on +44 0171 873 3308

To the holders of
Mortgage Capital Trust I
Collateralized Mortgage Obligations, Series A
Class A-1 Bonds Due 1st June, 2017

Notice is hereby given that the interest rate on the Class A-1 Bonds for the interest period 1st March, 1996 through 1st June, 1996 is 5.9125% per annum.

By: Bankers Trust Company, as Trustee.

هكذا من الأهل

ING BANK
उभरती अर्थ-व्यवस्थाओं और
पूजी बाजारों में महिर है हम
ING BARINGS

FINANCIAL TIMES
MARKETS
THIS WEEK

ING BANK
At Home in Emerging
and Capital Markets
ING BARINGS

Global Investor / Peter Martin

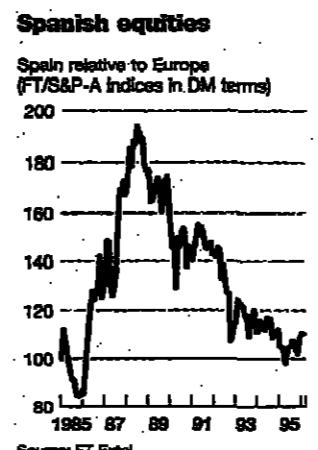
Timely concept or nostalgic echo?

As Spain's voters pass their verdict on 13 years of Felipe Gonzalez's socialist government, the world's investors long ago voted with their feet. Between 1985 and 1993, Spain could do no wrong in their eyes. Powered in part by the view that the country was about to become Europe's California - a sun-soaked home for low-cost greenfield manufacturing - the stock market soared in both absolute and relative terms.

So the theory that Spain's entry to the EU in 1986, and the deepening of the single market in 1993, would make it attractive has been largely borne out. It has not spilled over into the equity market, however. Instead, companies behind the rebirth of manufacturing have been the multinationals - good news for technology and management but little help for investors in Spanish stocks.

There were no quoted retail groups either. This situation is improving: there are now three quoted retailers and in May Grupo Sol Melia, the largest hotel company, comes to the market. But the underlying issue remains. The equity market remains dominated by essentially domestically-oriented companies; they provide little exposure to external trade.

Table with 5 columns: US, Japan, Germany, France, Italy, UK. Rows include Cash, Bonds 3-5 year, Bonds 7-10 year, Equities. Shows % change over period.



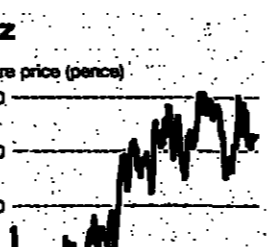
COMPANY RESULTS DUE

Aluminium and steel help lift Hoogovens

Hoogovens, the Netherlands' only steel producer, is forecast on Thursday to post net profits of between F1 500m and F1 550m in 1995, up sharply from F1 354m in 1994. The rise, due to a strong performance in the first half in particular, reflects substantially higher results from steel operations - its biggest business - and a further recovery in aluminium earnings.

stantially higher. But it already noted in the summer that second-half results were unlikely to match the level of the first six months, when net profits surged nearly five-fold from F1 63m to F1 308m. Nevertheless, Hoogovens insisted second-half results would still be high overall.

strong construction growth in Ireland, a recovery in the group's Spanish concrete products business and a series of earnings enhancing acquisitions made during the year in the US and at home. Davy forecasts pre-tax profits of £115.8m, up from £116.1m.



lines. The group is likely to be asked about the level of price-cutting in the business and the status of other impending engine orders, such as one from South African Airways.

results on Wednesday. On the positive side are the first 10 months' contribution from Dr Pepper/Seven-Up Companies in the US, elimination of heavy losses from Spanish bottling and encouraging growth from some overseas drinks markets such as South Africa.

that RTZ-CRA on Thursday will report profits before tax and exceptional items somewhere between £1.39bn and £1.48bn.

up 5 per cent on pro-forma figures from a year ago.

INTERNATIONAL EDITORIAL BY ANTONIA SHARPE

Bought deal saves French face

The French government's decision last week to sell off most of its remaining stake in Total, the oil company, through its first "bought deal" has done much to restore investor confidence in its maligned privatisation programme.

With a heavy pipeline of privatisations ahead - a target of FF40bn (\$6bn) has been set this year - the government needed a successful transaction to erase the bad memories of 1995.

to investors that they could make money on French privatisations. "This deal was a new departure for the French and it worked," said one banker involved in the transaction.

FT/S&P ACTUARIES WORLD INDICES

Table with columns for National and Regional Markets, FT/S&P Actuarial World Indices, and Dollar Index. Includes data for Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA, etc.

EXCO logo and contact information for Exco Bierbaum Securities GmbH, Exco Bierbaum GmbH & Co. oHG, Exco Bierbaum Money Markets GmbH, Exco Scandinavia A/S, Exco CMS (Switzerland) Ltd. Includes phone numbers and addresses in London, New York, Tokyo, Singapore, Hong Kong, Zurich, Copenhagen, Frankfurt, Düsseldorf, Gurnsey, Jakarta, Johannesburg, Kuala Lumpur, Sydney, Toronto.

MARKETS: This Week

NEW YORK By Richard Waters

The US stock and bond markets start this week in better shape than they did last week; their string of losses ended on Friday as hopes returned that US interest rates will be cut again soon.

The high level of volatility that continued throughout the week, though, suggests that the markets will remain choppy until a clearer picture emerges of how strongly the US economy is rebounding from its late-1995 slowdown.

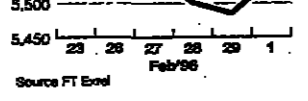
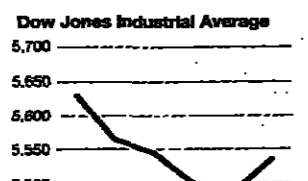
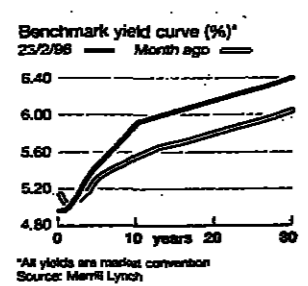
The bond market is likely to remain in the driving seat, with equities unable to resume their upward march until fixed-income investors recover from their bout of jitters.

The highlight of the calendar will be February's employment report, which will bring the first official data on economic conditions last month.

After a weather-induced drop of some 200,000 in January, non-farm payrolls are expected to have risen by some 300,000 last month. That is double the average monthly growth in the final months of last year, but coming after January's fall would point to only a moderate pick-up in activity.

If the Treasury yield curve continues the steepening that was notable on Friday, the equity market should find a firmer footing.

The spread between two and 30-year bond yields grew to around 108 basis points by the



end of the week, thanks largely to the rally in short-term rates, from 89 basis points the week before.

While stocks generally may recover their balance, the technology sector faces a difficult period after its rout on Friday, prompted by a warning of slower growth from computer maker Compaq.

It is an encouraging sign for the stock market as a whole, though, that this sector's troubles failed on Friday to dent the recovery of confidence in the broader market.

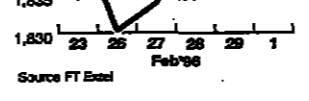
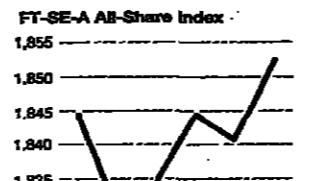
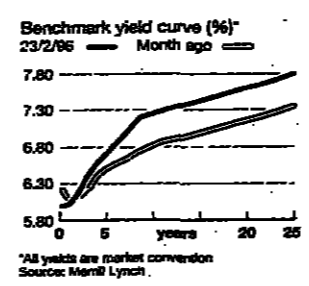
LONDON By Philip Coggan

The focus of the week will undoubtedly be Thursday's meeting between Mr Kenneth Clarke, the chancellor of the exchequer, and Mr Eddie George, the governor of the Bank of England. Financial markets hope they will agree to a further cut in base rates, probably a quarter of a percentage point reduction to 6 per cent.

A weak purchasing managers' survey on Friday bolstered the case for a cut. However, there are some fears that this might be the last reduction in the rate for a while; short sterling futures, the market's vehicle for speculating on interest rate movements, are pointing to base rates back at 6.25 per cent by the end of the year.

Both gilts and equities will continue to be affected by the volatile mood of Wall Street, where the yield on the 30-year Treasury bond briefly touched 6.5 per cent last week and the Dow Jones Industrial Average has frequently been triggering the trading restrictions which apply after 50-point moves.

Gilts were particularly weak in February, with the yield on the 10-year issue rising from less than 7.5 per cent to 8 per cent over the month. It will probably need a fall in yields for the FT-SE 100 index to mount a renewed assault on its all-time high of 3,791.3. Equity valuations are starting to look



stretched, relative to both conventional and index-linked gilts.

Investors will be hoping that the results season, which has been solid so far, continues to contain no nasty surprises.

The leading companies due to announce results this week include Smith & Nephew, BAT, Cadbury Schweppes, Glaxo Wellcome, T&N, Ladbrokes, Rolls-Royce, RTZ, Sun Alliance and Zeneca. Recent economic weakness means companies have the potential to disappoint.

FRANKFURT By Andrew Fisher

Further evidence of Germany's stagnant economy will emerge this week with a batch of statistics that will be eagerly studied by the bond and equity markets.

On Tuesday, fourth-quarter gross domestic product figures are expected to show a dip over last year's third quarter; UBS reckons it could be 0.6 per cent.

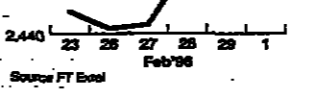
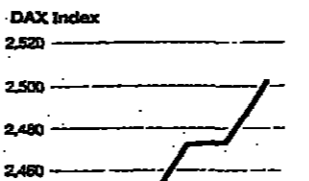
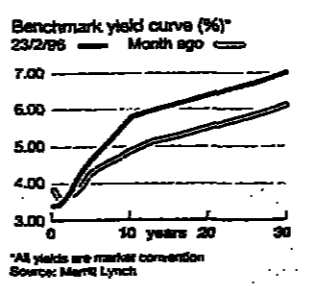
Unemployment data for February, likely on Wednesday, should show a further rise, with Westdeutsche Landesbank looking for 4.2m (10.9 per cent) unadjusted and 3.92m (10.2 per cent) seasonally adjusted.

Industrial output and new order figures could add to the gloomier picture. Forecasts are only now beginning to acknowledge the true weakness of the German economy," WestLB said.

Economists at Salomon Brothers expect combined west and east German economic growth to be only around 1 per cent this year.

Against this subdued background, speculation of further interest rate cuts by the Bundesbank continues. None came at last week's council meeting, but the timing of the next discount and Lombard rate moves is widely discussed inside and outside the bank.

M3's high initial growth rate this year has to be overcome -



statistical distortions and bond market reversals affected the January data - before further easing can be considered towards the end of this month or in April.

Lower interest rates would certainly help underpin the stock market, which touched a new record on Friday when the DAX blue chip index scraped past 2,500 points. Its rise so far this year has been 11 per cent, more than in the whole of 1994.

The dollar's rise helped, as did continued expectations of higher corporate profits.

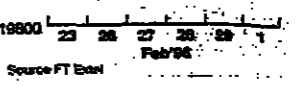
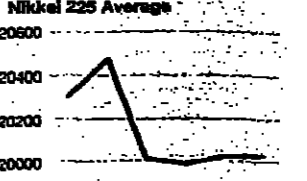
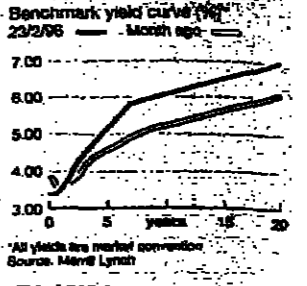
TOKYO By Emiko Terazono

While fears of rising interest rates seem to have subsided after last week's Bank of Japan's tankan, the quarterly survey of business sentiment confirmed that the economic recovery is a gradual one, seasonal activity is likely to affect the Tokyo financial markets in the near term.

Bond and stock markets are expected to fluctuate on last-minute profit-taking ahead of the fiscal year-end. Banks are writing off their losses from the Jusen, the ailing housing loan companies, and low investment returns and stagnant growth in insurance premiums are likely to force life insurance groups to realise profits on stocks and bonds.

Continuing effects of the tankan survey are expected to help bonds. "The markets were getting a bit too excited about the prospects of a BoJ rate hike, and the bond market rallied strongly following the tankan's release," said SBC Warburg in Tokyo.

The survey showed companies were still burdened with excess employment. Inventories and capacity, with all indices improving only marginally. With inflation still almost non-existent, concerns over higher interest rates, prompted by comments from Mr Wataru Kubo, the finance minister, that pensioners were suffering from low rates, seem to have been alleviated.



Meanwhile, the stock market faces settlement for March futures and options this week. Participants have become increasingly wary of long positions on arbitrage trading reaching a record 3.2bn shares.

Another concern is the Jusen liquidation scheme. Although the coalition government is poised to approve the plan, which involves using ¥60bn in public funds, it is also trying to ease public anger by calling for an increased proportion of the losses to be absorbed by the banking sector.

COMMODITIES By Kenneth Gooding

Silver demand outstrips supply

Silver supply in 1996 will fail to keep pace with consumption - the seventh successive year there has been a supply deficit. Huge stocks of silver were built up in the 1980s but, according to the New York-based CPM consultancy organisation, during the past six years 640.5m troy ounces of metal has been drawn from stocks to cover the deficit.

CPM reckons there is less than 700m ounces left in global stocks.

The organisation's annual Silver Survey, sponsored by 14 big corporations covering every sector of the business, was launched last week in New York and there will be presentations in other venues, beginning tomorrow in Mexico City. CPM projects demand for sil-

ver, used mainly in photographic film, jewellery and silverware, will rise by 3.8 per cent to 714m ounces in 1996 while supply is forecast to increase by 1.7 per cent to 535.9m. This would leave a deficit of 178m ounces, up from last year's shortfall of 186.7m.

Mr Jeffrey Christian, CPM's managing director, suggests that silver's price will this year average \$5.88 an ounce, compared with \$5.20 in 1995. He says the price will go above \$6 at some point in 1996 but it would take "some major scares" in the US presidential election to force it above \$7.

However, much of the remaining silver stock last year came under the control of new investors, including institutional investors, with

long-term objectives. "These investors appeared unwilling to supply silver to the market at current prices. Instead, they appeared to have price targets of \$8 [an ounce] and higher," says Mr Christian.

Oil ministers from several members of the Organisation of Petroleum Exporting Countries meet in Vienna today to review the group's production and to prepare for the possible return of Iraqi oil to world markets.

Oil analysts say Opec is producing about 25.6m barrels a day, well above the 24.52m b/d production ceiling of the group. A sale of \$2bn of Iraqi oil to raise funds for relief supplies would require the market to absorb an additional 700,000 b/d or more.

OTHER MARKETS Compiled by Michael Morgan

AMSTERDAM

The market will be hoping for further impetus from the corporate reporting season after last week's string of company results led the AEX index to a succession of all-time highs, writes Ronald van de Krol.

At cyclical companies such as Hoogovens, due to report on Thursday, the emphasis will be so much on 1995 results, widely expected to be strong, as on the outlook for 1996 and beyond. Last week, shares in Axl Nobel faltered briefly after the chemicals company said it had only modest expectations for the year.

One reason for the generally positive reception given to company results so far is the fact that the dollar's influence is waning with the passing of each successive quarter.

In a year-on-year comparison, the US currency's fall is not as dramatic as it once was. The dollar is a key factor in Amsterdam because many bourse-listed companies are dependent on exports to overcome the relatively small size of the domestic market.

PARIS

The merger plan from Chargeurs last week caught many by surprise, so much so that the shares of the media and textiles conglomerate soared by 12 per cent on the day of the announcement, writes John Pitt.

In a sense, the Chargeurs proposal, to split into two separate and listed organisations, was a long time in the making and may finally have been triggered by similar practices recently in the UK.

if other large holding companies, which have held a fascination for the French for decades, might now follow suit. The market, which broke through the 2,000 level again on Friday, was also fascinated by the takeover bid by Paribas for Navigation Mixte, the holding company, having failed in a previous attempt in 1988. If successful, the financial group could well dispose of some of Navigant's elements.

STOCKHOLM

Even after last week's sterling performance, which saw the Affarsvarden post all-time highs on Tuesday, Wednesday and Friday, many analysts believe the market has further to go. Stockholm is, for example, UBS's favourite market, offering, it says, the best value, best fundamentals and the right sector mix.

The bank's year-end target for the index is 2,050, compared with 1,886.6 on Friday. UBS says earnings expectations are standing up better than those for core Europe and the market still appears to offer good value at around 10 times 1996 earnings. It notes that Swedish bonds have corrected and yields should remain at current levels, while dividends grow by 13 per cent. Moreover, the krona is likely to weaken, always an important influence on Swedish equities.

Morgan Stanley is also optimistic, on the basis that cyclical will outperform this year in response to an improvement in the dollar, an economic recovery in Europe and inflationary moves by central banks.

Last week, Mr Richard Davidson, Morgan's European equity strategist in London, doubled the Swedish weighting

in his European model portfolio from 3 to 6 per cent at the same time as he upgraded an already overweight German position from 18 to 19 per cent.

HONG KONG

Corporate results will grab the limelight in Hong Kong this week, with Hongkong Electric and Cathay Pacific finals among the more prominent reports, writes Louise Lucas.

Speculation about forthcoming share placements persists after the rash of cash-raising exercises in the first two months of the year, and this is suppressing the share price of targeted stocks.

Investors are also keeping a wary eye on the US, where rising bond yields and the outlook for interest rates stand to affect the fortunes of the local bourse.

CROSS BORDER M&A DEALS

Table with columns: BIDDER/INVESTOR, TARGET, SECTOR, VALUE, COMMENT. Includes deals like Thomson Corporation (Canada) Publishing, BP (UK/Mobil) (US) Merger, Bosch (Germany) Engineering, etc.

CURRENCIES By Graham Bowley

Attention turns to US rates as Tokyo props up dollar

The US dollar recovered on Friday after a week in which the Bank of Japan had regularly intervened to prop it up. The Japanese tankan survey finally put paid to expectations of an imminent rise in Japanese interest rates, which had been depressing the US currency, while data showing a large rise in Japanese foreign exchange reserves underlined the Bank of Japan's determination to lift the dollar higher.

Dealers this week will be looking for further signs of Japanese intervention, but attention will also turn to the future direction of US interest rates with the publication on Friday of key US employment data.

Expectations of a further cut in US interest rates at the Federal Reserve's next meeting later this month could intensify if the data point to further weakness in the US economy.

Political developments in the race for the Republican presidential nomination are also likely to affect the dollar.

Analysts said the currency could suffer if Mr Pat Buchanan, the right-wing candidate, was to make further progress in the race. Investors have been troubled by the protectionist stance Mr Buchanan has taken. Dealers say, however, that Mr Buchanan could also influence the direction of the Australian

dollar and Spanish peseta, with elections in both these countries over the weekend.

Financial markets are expecting a change of government in both Spain and Australia. This is likely to be positive for their currencies since it is likely to imply more conservative economic policies in both.

Australian government would be prepared to tackle the country's budgetary problems.

Figures on German industrial production and manufacturing orders this week are forecast to show weakness in the German economy, fueling expectations of further German interest rate cuts.

Italian consumer price data are likely to show a lower annual inflation rate, underpinning the lira.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) for key currencies on Friday, March 1, 1996. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Large table with columns: CURRENCY, UNIT, RATE, etc. Lists exchange rates for various countries including Argentina, Australia, Austria, Belgium, Canada, etc.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

Advertisement for Odebrecht Overseas Limited. Includes text: U.S. \$50,000,000 Euro-Commercial Paper Program, Guaranteed by CNO, and contact information for Latinvest Securities Limited.

Large advertisement on the right side of the page with text: 'To all those making...' and 'SCS' logo.

To all those customers who helped SGS-THOMSON Microelectronics make 1995 another year of steady growth, we'd like to say

THANK YOU

SGS-THOMSON has recorded yet another year of steady and impressive growth, once again outpacing the rate of growth in our served markets. Net revenues are up 34% to \$3.554 billion, while earnings have risen from \$362.5 million to \$526.5 million.

Our continued growth is no accident. We're successful, in large, because of strong working partnerships with the customers we serve. Fully 51% of SGS-THOMSON's business is devoted to providing those customers with differentiated products — Microcontrollers, Semicustom ICs and ASSPs/Dedicated ICs. Since these complex devices contain a high level of customer system architecture, they can only be designed and built with the close cooperation of both partners.

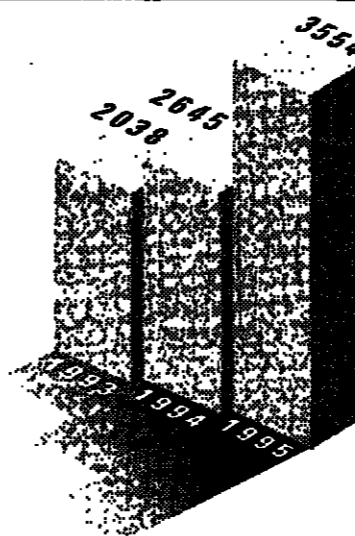
SGS-THOMSON, from its side, intelligently drives advances in technology and production capacity build-up, based on clearly defined customer needs. New products are planned and capital is invested to satisfy customer-driven demands. This firm commitment to common objectives results in a win-win situation for both parties.

As we enter 1996, our financial course remains steady. We have a well-positioned portfolio, a diversified sales base — both by end markets and geographically — and significant financial flexibility based on a very strong balance sheet. However, our most important bottom line will always remain the satisfaction of our customers.

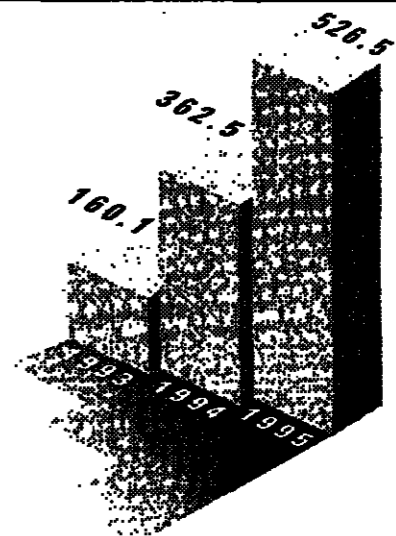
Our continued success has renewed and strengthened our dedication to all whom we have had the privilege to serve.

Once again, thank you.

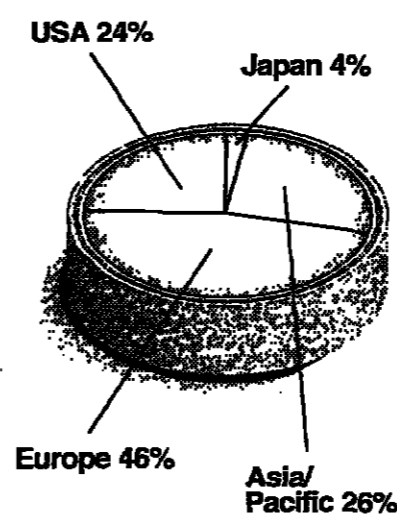
Net Revenues: Millions of Dollars



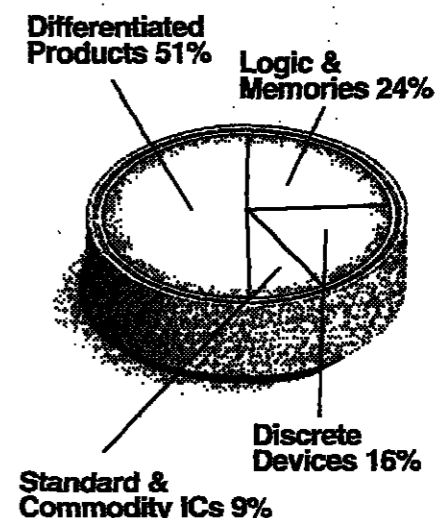
Net Earnings: Millions of Dollars



1995 Sales By Region



1995 Sales By Product Group



Service and Technology



SGS-THOMSON Microelectronics GROUP OF COMPANIES: Australia - Brazil - Canada - China - France - Germany - Hong Kong - Italy - Japan - Korea - Malaysia - Malta - Morocco - The Netherlands - Singapore - Spain - Sweden - Switzerland - Taiwan - Thailand - United Kingdom - USA

MARKETS: This Week

EMERGING MARKETS By Ray Colth in Caracas

Fragile recovery in Caracas

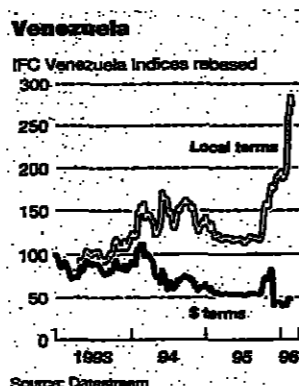
When the Venezuelan equity market rallied to break two-year records in local currency...

The market began to recover last September after a three-year period in which investors had little reason to rejoice...

Despite a reasonable recovery in recent months, the atmosphere at the Caracas stock exchange is not exactly euphoric...

Market capitalisation of \$4.2bn, or 7.2 per cent of GDP, is still a far cry from 1991 capitalisation levels of \$13bn...

Finally, the local Brady bond market, which was legalised in July of 1995, virtually collapsed after the government in late January introduced harsh control mechanisms...



Source: DataStream

One is the petroleum investment funds, which amount to an opening of the previously closed petroleum industry to private investors...

The legal framework, which is to be approved by congress shortly, will allow the creation of investment funds using a variety of financial instruments to finance projects in the petroleum industry...

As further proof that the market has potential to grow, given the right macro-economic conditions, Mr Salcedo points to a number of international brokerages...

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Two government undertakings have the potential to strengthen Venezuela's securities market in the long-term.

INTERNATIONAL BONDS By Richard Lapper

Future-flow deals find a niche in Latin America

The completion late last month of a \$280m securitisation deal for Telmex, the Mexican telecommunications company, has highlighted a growing trend among Latin American borrowers...

Although these issues have typically been placed privately among US institutions, especially insurance companies, other investors, including European funds and banks, are now beginning to show more interest.

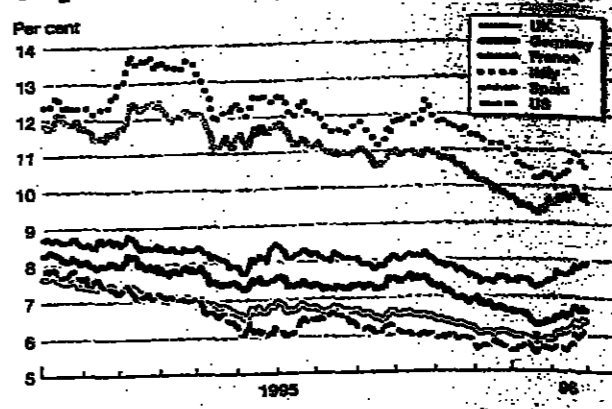
Bankers Trust, which handled the Telmex deal, says investors from three continents bought the paper. "This is probably the first time that a transaction of this type has achieved such a broad global distribution," said Mr Fernando Guerrero...

Unlike the more common asset-backed transactions, which involve repackaging portfolios of mortgages, car loans, credit card balances or other assets, future flow deals involve the payment over time of income flows into an offshore trust.

The future receivables are generally sold to the trust, which issues the bonds or notes and repays principal and interest, with any surplus being returned to the issuer.

The structure allows investors to circumvent some of the sovereign risks (convertibility or transfer) typically attached to emerging markets investment.

10-year benchmark bond yields



Source: FT Intel

INTEREST RATES AT A GLANCE

Table with columns for USA, Japan, Germany, France, Italy, UK. Rows for Discount, Overnight, Three month, One year, Five year, Ten year interest rates.

(1) France-Repo rate. (2) UK-Base rate. Source: Reuters

ING BARING SECURITIES EMERGING MARKETS INDICES

Table with columns for Index, 1/9/96, Week on week movement, Month on month movement, Year to date movement. Lists indices for World, Latin America, Europe, Asia, etc.

All indices in \$ terms, January 7th 1985=100. Source: ING Baring Securities.

NEW INTERNATIONAL BOND ISSUES

Table listing new international bond issues with columns for Issuer, Amount, Maturity, Coupon, Price, Yield, Launch, Book runner.

LATIN AMERICA ENTERPRISE FUND L.P.

A partnership for private equity investment in Latin America

US\$253,700,000

Investment Manager BARING LATIN AMERICA CAPITAL CORPORATION, INC. MIAMI, FLORIDA

ING BARINGS

Standard Chartered PLC \$150 million Subordinated Floating Rate Notes due 1996. Includes details on interest rate and agent.

USD 10,000,000.00 EURO MEDIUM TERM NOTE OF SOCIETE GENERALE. Includes details on interest rate and agent.

WOOLWICH - Building Society - \$33,000,000 Subordinated floating rate notes due 2001. Includes details on interest rate and agent.

BRADFORD & BURNLEY - \$100,000,000 Collared floating rate notes 2003. Includes details on interest rate and agent.



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WORLD STOCK MARKETS

Table of world stock markets including Europe (Austria, Greece, Italy, Norway, Poland, Switzerland, Turkey), Hong Kong, Indonesia, Malaysia, New Zealand, Singapore, South Africa, and Tokyo. Columns include stock names, prices, and changes.

Advertisement for Rockwell Communications systems. Text: 'Communications systems produced by Rockwell Defence Electronics are used by the US government, NATO and more than 60 other countries around the globe'. Includes Rockwell logo.

Table of stock market indices for various countries including Australia, Canada, France, Germany, Japan, Korea, and Taiwan. Columns show index values and percentage changes.

Table of US stock market indices including Dow Jones, S&P 500, and NYSE. Columns show index values and percentage changes.

Table of stock market indices for Australia, Canada, France, Germany, Japan, Korea, and Taiwan. Columns show index values and percentage changes.

Table of futures markets including CAC-40, DAX, and other regional indices. Columns show prices and changes.

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Footnote and explanatory text regarding the data sources and calculations for the stock market indices and futures markets.

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Country, Closing mid-point, Change on day, Bid/offer, Day's high/low, One month, Three months, One year, Bank of England Index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Country, Closing mid-point, Change on day, Bid/offer, Day's high/low, One month, Three months, One year, JP Morgan Index.

WORLD INTEREST RATES

Table with columns: Money Rates, Over night, One month, Three months, Six months, One year, Lomb. Inter., Dis. rate, Repo rate.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Table with columns: Country, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask.

FT GOLD MINES INDEX

Table with columns: Mine, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask.

EURO CURRENCY INTEREST RATES

Table with columns: Country, Short term, 7 days notice, One month, Three months, Six months, One year.

D-MARK FUTURES (DM 125,000 per DM)

Table with columns: Month, Open, Settle, Change, High, Low, Est. vol., Open int.

UK INTEREST RATES

Table with columns: Term, Rate, Term, Rate, Term, Rate, Term, Rate.

THREE MONTH EURO-DOLLAR (\$1m points of 100%)

Table with columns: Month, Open, Settle, Change, High, Low, Est. vol., Open int.

SWISS FRANC FUTURES (Sfr 125,000 per Sfr)

Table with columns: Month, Open, Settle, Change, High, Low, Est. vol., Open int.

UK MONEY RATES

Table with columns: Term, Rate, Term, Rate, Term, Rate, Term, Rate.

US TREASURY BILL FUTURES (\$1m per 100%)

Table with columns: Month, Open, Settle, Change, High, Low, Est. vol., Open int.

STERLING FUTURES (GBP 500,000 per £)

Table with columns: Month, Open, Settle, Change, High, Low, Est. vol., Open int.

BANK OF ENGLAND TREASURY BILL TENDER

Table with columns: Bill on offer, Total applications, Total accepted, Allocation at int. level.

RIGHTS OFFERS

Table with columns: Issue, Amount, Latest price, 1995/96 High, Low, Stock, Closing price.

PHILADELPHIA 6/2 OPTIONS (\$1,250,000 per pound)

Table with columns: Strike, Price, Calls, Puts, Strike, Price, Calls, Puts.

BASE LENDING RATES

Table with columns: Bank, Rate, Bank, Rate, Bank, Rate, Bank, Rate.

OFFSHORE COMPANIES

Established in 1975 OCHA has 20 offices worldwide, 750 ready-made companies available...

BANK RETURN

Table with columns: Banking Department, Liabilities, Assets, Issue Department, Liabilities, Assets, Other Securities.

UK GILT PRICES

Table with columns: Name, Price, % of amt, Int. rate, Last bid, Name, Price, % of amt, Int. rate, Last bid.

OFFSHORE COMPANIES

Established in 1975 OCHA has 20 offices worldwide, 750 ready-made companies available...

STOCK INDICES

Table with columns: Index, 1995/96 High, Low, 1995/96 % change, 1995/96 % change.

Other Fixed Interest

Table with columns: Name, Price, % of amt, Int. rate, Last bid, Name, Price, % of amt, Int. rate, Last bid.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda funds including Fidelity Currency Funds Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and various international and equity funds.

GUERNSEY (REGULATED)**

Table listing Guernsey funds including ANZ Mgmt Co (Guernsey) Ltd, Apollo Investment Management Ltd, and various equity and international funds.

BERMUDA (REGULATED)**

Table listing Bermuda regulated funds including Bermuda Int'l Invest Mgmt Ltd, Bermuda Int'l Invest Mgmt Ltd, and various equity and international funds.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey SIB recognized funds including AIS Investment Managers (Guernsey) Ltd, AIS Investment Managers (Guernsey) Ltd, and various equity and international funds.

IRELAND (SIB RECOGNISED)

Table listing Ireland SIB recognized funds including AIS Fund Management Ltd, AIS Fund Management Ltd, and various equity and international funds.

IRELAND (REGULATED)**

Table listing Ireland regulated funds including AIS Fund Management Ltd, AIS Fund Management Ltd, and various equity and international funds.

ISLE OF MAN (SIB RECOGNISED)

Table listing Isle of Man SIB recognized funds including AXA Equity & Law Int'l Fund Mgr, AXA Equity & Law Int'l Fund Mgr, and various equity and international funds.

JERSEY (SIB RECOGNISED)

Table listing Jersey SIB recognized funds including AIS Fund Managers (C) Ltd, AIS Fund Managers (C) Ltd, and various equity and international funds.

JERSEY (REGULATED)**

Table listing Jersey regulated funds including AIS Fund Managers (C) Ltd, AIS Fund Managers (C) Ltd, and various equity and international funds.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg SIB recognized funds including AIS AMRO Funds (C) Luxembourg, AIS AMRO Funds (C) Luxembourg, and various equity and international funds.

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OFFSHORE INSURANCES

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 99p/minute cheap rates and 49p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 678 4378.

Main table containing fund names, codes, and prices. Includes sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

HONG KONG

up dollar

MANAGED FUNDS NOTES
Please note that the prices shown are for the units of the fund and are subject to change without notice. The regulatory authority...

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector, including names like Guinness, Healy, and their respective share prices.

BUILDING MATS. & MERCHANTS - Cont.

Table listing companies in the Building Mats. & Merchants sector, including names like B&M, and their share prices.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing companies in the Electronic & Electrical Equipment sector, including names like GEC, and their share prices.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries sector, including names like Anglo American, and their share prices.

HOUSEHOLD GOODS - Cont.

Table listing companies in the Household Goods sector, including names like Hoover, and their share prices.

INVESTMENT TRUSTS - Cont.

Table listing various investment trusts and their share prices.

BANKS, MERCHANT

Table listing banks and merchant companies, including names like Bank of London, and their share prices.

CHEMICALS

Table listing companies in the Chemicals sector, including names like ICI, and their share prices.

ENGINEERING

Table listing companies in the Engineering sector, including names like BTH, and their share prices.

FOOD PRODUCERS

Table listing companies in the Food Producers sector, including names like Unilever, and their share prices.

INSURANCE

Table listing insurance companies, including names like Lloyds, and their share prices.

INVESTMENT TRUSTS

Table listing various investment trusts and their share prices.

BANKS, RETAIL

Table listing banks and retail companies, including names like Bank of Scotland, and their share prices.

DISTRIBUTORS

Table listing companies in the Distributors sector, including names like Marks & Spencer, and their share prices.

ENGINEERING

Table listing companies in the Engineering sector, including names like BTH, and their share prices.

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BREWERIES, PUBS & REST

Table listing breweries, pubs, and restaurants, including names like Carlsberg, and their share prices.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies, including names like Anglo American, and their share prices.

ENGINEERING

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BUILDING & CONSTRUCTION

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ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector, including names like BTH, and their share prices.

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for Name, Price, Dividend, and other financial metrics.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, Dividend, and other financial metrics.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, Dividend, and other financial metrics.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, Dividend, and other financial metrics.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies (continued) with columns for Name, Price, Dividend, and other financial metrics.

LIFE ASSURANCE

Table listing life assurance companies with columns for Name, Price, Dividend, and other financial metrics.

MEDIA

Table listing media companies with columns for Name, Price, Dividend, and other financial metrics.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, Dividend, and other financial metrics.

OIL, INTEGRATED

Table listing integrated oil companies with columns for Name, Price, Dividend, and other financial metrics.

OTHER FINANCIAL

Table listing other financial companies with columns for Name, Price, Dividend, and other financial metrics.

OTHER FINANCIAL - Cont.

Table listing other financial companies (continued) with columns for Name, Price, Dividend, and other financial metrics.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for Name, Price, Dividend, and other financial metrics.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for Name, Price, Dividend, and other financial metrics.

PHARMACEUTICALS - Cont.

Table listing pharmaceutical companies (continued) with columns for Name, Price, Dividend, and other financial metrics.

PROPERTY

Table listing property companies with columns for Name, Price, Dividend, and other financial metrics.

PROPERTY - Cont.

Table listing property companies (continued) with columns for Name, Price, Dividend, and other financial metrics.

PROPERTY - Cont.

Table listing property companies (continued) with columns for Name, Price, Dividend, and other financial metrics.

RETAILERS, FOOD

Table listing food retailers with columns for Name, Price, Dividend, and other financial metrics.

RETAILERS, GENERAL

Table listing general retailers with columns for Name, Price, Dividend, and other financial metrics.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued) with columns for Name, Price, Dividend, and other financial metrics.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, Dividend, and other financial metrics.

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TELECOMMUNICATIONS

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TRANSPORT

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WATER

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AIM - Cont.

Table listing AIM companies with columns for Name, Price, Dividend, and other financial metrics.

AMERICANS

Table listing American companies with columns for Name, Price, Dividend, and other financial metrics.

CANADIANS

Table listing Canadian companies with columns for Name, Price, Dividend, and other financial metrics.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, Dividend, and other financial metrics.

AIM

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Advertisement for CNBC featuring the text 'Demand currency changes immediately. Call 0990 11 55 55.' and 'Live 24-hour global business TV. European launch 11 March 1996.'

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service derived by FT Data, a member of the Financial Times Group. Company information is based on data used for the FT-SE 100 Index.

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for stock name, price, change, and volume. Includes sub-sections for 'D', 'H', 'P', 'B', 'F', 'G', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

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Continued on next page

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NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, change, and volume.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market listing various stocks with columns for stock name, price, change, and volume.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, change, and volume.

Advertisement for Warsaw newspaper featuring the headline 'Have your FT hand delivered in Warsaw' and 'Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day.'

FT GUIDE TO THE WEEK

MONDAY 4

Mayhew meets Spring

The British and Irish governments launch the next phase of the Northern Ireland peace process with intensive consultations on the format and agenda for all-party negotiations, now set for June 10.

UK nuclear sell-off plan

British Energy, the company created for the sell-off of the UK nuclear power industry, unveils financial details as the first step towards its privatisation.

Noriega appeal hearing

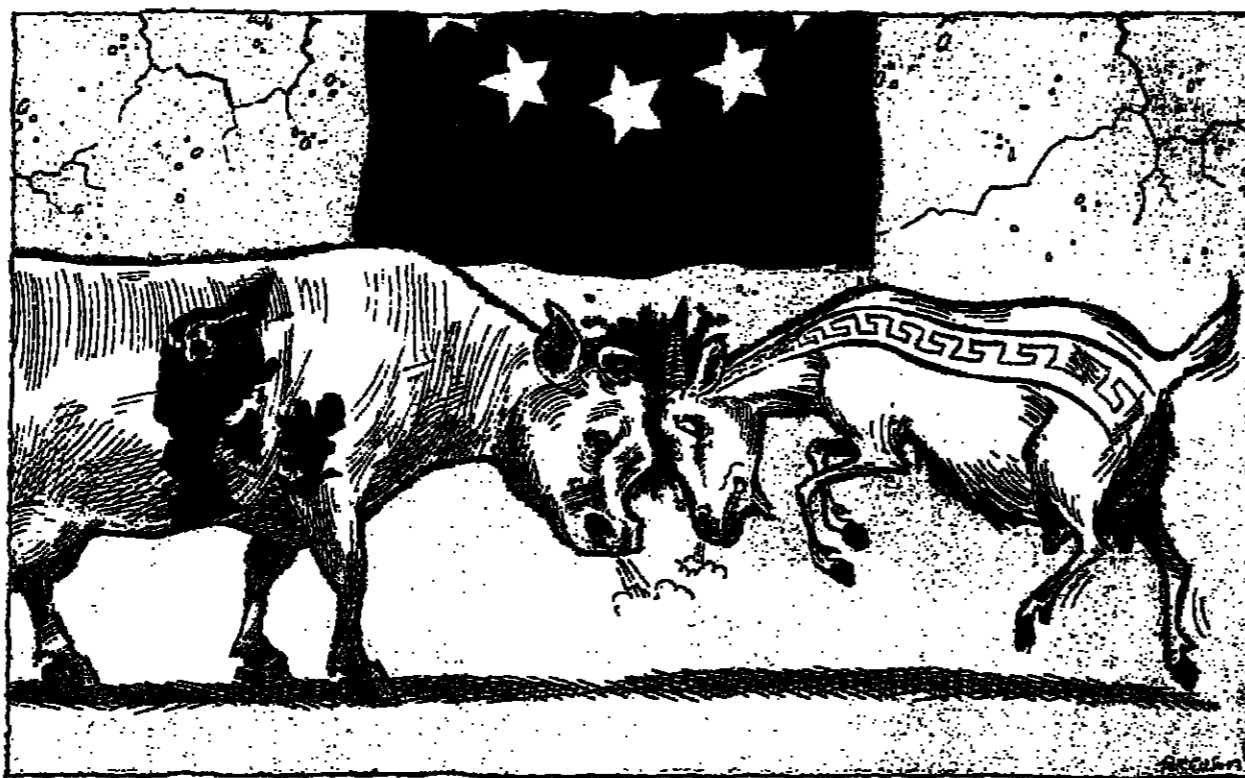
The former Panamanian dictator, Manuel Noriega, gets a hearing in the federal court in Miami regarding his request for a new trial on charges that he accepted protection money from Colombia's Medellin cocaine cartel.

S Africa murder trial starts

The trial begins in South Africa of Magnus Malan, a former defence minister, and 19 others charged with conspiracy to murder supporters of the ANC and its allies between 1985 and 1988.

John Major in far east

John Major, the British prime minister, completes a three-day stay in Hong Kong.



On Wednesday, the EU Commission considers banning the generic use of names such as feta cheese - listed as a Greek cheese made from goats' milk

A government official said Mr Major would be confirming "Britain's commitment to a successful transition to Chinese sovereignty".

Cricket

World Cup: West Indies v Australia, Jaipur, India. Group matches continue to March 6; quarter-finals start March 9.

Public holidays

Guam, Malawi, Nepal, Sri Lanka.

TUESDAY 5

Republican primaries

Voters in the Republican presidential primaries go to the polls in Colorado, Connecticut, Georgia, Maine, Maryland, Massachusetts, Rhode Island and Vermont on what is dubbed Junior Tuesday.

Chinese congress convenes

China's 3,000 delegates to its National People's Congress convene in Beijing's Great Hall of the People.

Plan (1996-2000). The congress, which meets annually, will also approve a new budget and review legislation.

Birmingham airport decision

Solihull council decides whether to approve plans for a £258m expansion of Britain's fifth biggest airport.

FT Surveys

World Motor Industry; Credit Management.

Public holidays

Israel, Nepal, Tahiti, Vanuatu.

WEDNESDAY 6

Feta cheese fight

The EU Commission considers banning the generic use of some product names -

such as feta cheese and parma ham. The commissioners will be asked to approve a list of 318 products, including Kenfish Ale, Rutland Bear, lavender oil from Provence.

German jobless gloom

German unemployment figures for February are expected to show another sharp increase, reflecting bad weather and a weak economy.

Sudan offers elections

Sudan's military regime, accused by western governments of human rights violations and suspected of links with extremist Islamic terrorist groups, makes a bid for respectability when it holds presidential and parliamentary elections.

of voting in the war-affected south, will almost certainly leave President Omar Hassan al-Bashir in charge.

FT Survey

Review of Information Technology.

Public holidays

Ghana (Independence Day).

THURSDAY 7

Palestinian council sits

The 88-member Palestinian legislative council, which will run Palestinian autonomous areas in the West Bank and Gaza, holds its inaugural session in Gaza City.

Rape verdict in Japan

The Naha district court in Japan rules on the three US servicemen accused of raping a schoolgirl in Okinawa prefecture last September.

Geneva car show

The Geneva motor show opens. Highlights include Renault's Fifte, a small mid-engined two-seater concept car commemorating the 50th anniversary of the 4CV.

FT Surveys

Peru; Franchising.

FRIDAY 8

Andean Pact summit

Six Latin American presidents start a two-day meeting in Trujillo, on the Peruvian coast 300 miles north of Lima.

Iran elects parliament

Up to 40m Iranians are entitled to vote for 3,232 candidates from more than a dozen lists of political groups in a parliamentary election in Iran.

handed under the 1981 Islamic constitution, which gives the Shia clergy a monopoly over political life.

Mastering Management



The FT's 20-part series continues in the UK edition with part 18. Non-UK readers can take out a subscription.

Athletics

European indoor championships, Stockholm (to Mar 10).

FT Survey

European Business Property.

Public holidays

Azerbaijan, Belarus, Belize, Georgia, Liberia, Russia, Syria, Turkmenistan, Uganda, Ukraine.

SATURDAY 9

Sampaio installed in Portugal

Jorge Sampaio, a former mayor of Lisbon, is sworn in as Portugal's new president, succeeding fellow-socialist Mario Soares.

EU ministers in Palermo

EU foreign ministers gather in Palermo, Italy, to discuss organisational aspects of the EU inter-governmental conference at the end of March in Turin.

Public holidays

Belize.

SUNDAY 10

Motor racing

Start of the Formula One grand prix season: Melbourne, Australia.

Compiled by Simon Strong. Fax: (+44) (0)171 878 3194.

ECONOMIC DIARY

Other economic news

Wednesday: Although economic data is rather sparse this week, economists will be watching any indicators particularly closely.

Unemployment figures in Belgium early this week are likely to point to further job cuts in February.

Further job loss figures for February are also expected in Germany.

However, a survey from the Confederation of British Industry will be watched for signs that consumer spending is rising in the UK.

And fourth quarter GDP data in Spain will be examined for growth trends in that area. Spain's economy is thought to have expanded by 0.5 per cent between the third and fourth quarters - a healthier picture than other European countries.

Thursday: Fourth quarter GDP data in Germany is widely expected to show that the economy contracted.

In London, meanwhile, the Bank of England governor meets the Chancellor for their regular monetary discussion amid renewed expectations of a cut in UK interest rates.

Statistics to be released this week

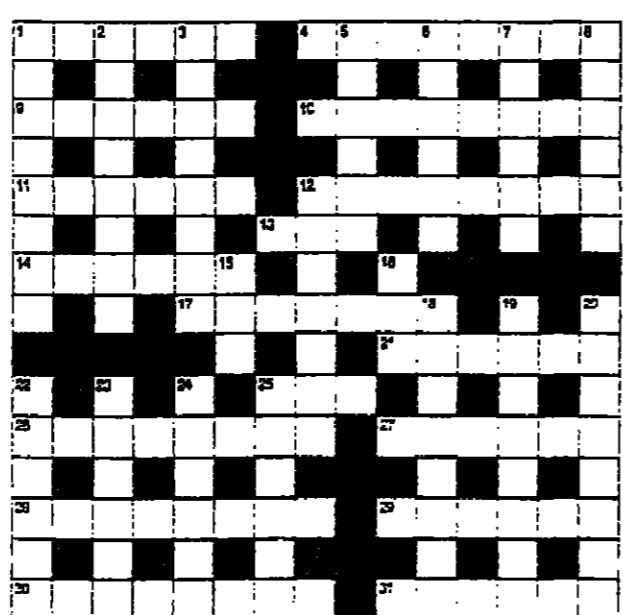
Table with columns: Day Released, Country, Economic Statistic, Median Forecast, Previous Actual, Day Released, Country, Economic Statistic, Median Forecast, Previous Actual.

ACROSS

- 1 Instigate frolic in gym (6)
4 Injury caused by spring in neck (5)
9 Planet or star unmoving? (5)
10 Put up with champion (5,3)
11 A tumbler resting (2,3)
12 Do race tips change for the better? (4)
13 Scan scam (5)
14 A river between lakes and bay (6)
17 Erased document about lease (7)
21 Get an old coat, thanks to post (6)
23 Dangling bug (3)
26 A strict disciplinarian or an artist holds it right back (8)
27 Deal with name (5)
28 Trojan heroine finding salad plant on mountain (8)
29 Illusory sight of silver in mud (6)
30 Slim work translated by textile manufacturer (5)
31 White herons, for example, leaving a rest break (6)

DOWN

- 1 Fair father's fur (5)
2 No hunter discovered fugitive (2,3,3)
3 Very cold fairy building at the bottom of the garden? (8)
5 Make a comeback and do the twist again? (6)
8 Scene composed by a Roman dramatist (6)
7 Well acquainted with gold if at exchange (2,3)
8 Setter being cryptic in a way (6)
12 Animal found in Arctic or Antarctic? (7)
13 Geocoral wheels within wheels (3)
16 Prescribed plant (5)
17 Mother, growing old, is hurtful (5)
18 Plant person preceding Plymouth player (5)
20 No employment for one on endless shift... (6)
22... after strike-leader makes fun of shifts (6)
23 Trial for free-loader (5)
24 I must have Gilbert and Sullivan overtures to talk about: That's a puzzle (9)
25 Proposal for nurse (6)

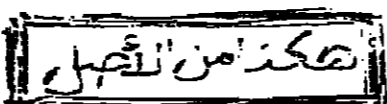
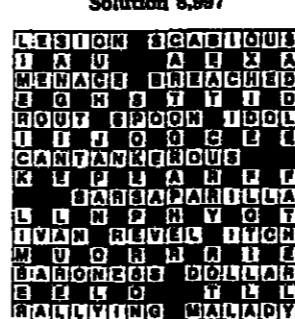


MONDAY PRIZE CROSSWORD No.9,009 Set by CINCINNUS

A prize of a Pelikan New Classic 380 fountain pen for the first correct solution opened and five runner-up prizes of 250 Pelikan vouchers will be awarded.

Name: Address:
Winners 8,997 Solution 8,997

C.J. Old, Kesgrave, Suffolk
Mrs S.A. Board, Wales, Nr Sheffield
Mrs J. Campbell Jones, Harpenden, Herts
A. Honey, Bristol
J.L.V. Summershayes, Camberley, Surrey
D. Yeo, Plymouth, Devon



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